Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper ** Paris, Saturday-Sunday, June 29-30, 1996 No. 35,2[illegible]

Blast Derails Saudis' 2-Track Policy on West

By Youssef M. Ibrahim
New York Times Service

LONDON — Switch on Saudi state television on any Friday and you are sure to see a panoply of preachers — officially approved and even paid by the Saudi government — routinely referring to Christians and Jews as "infidels," "atheists," and "usurpers of Muslims."

Speaking to millions of Saudis, the preachers inveigh against traveling to the West and call upon believers to shun satellite dishes and all contact with foreigners. Much the same message is heard almost daily on radio and in thousands of mosques around the country, even as the Saudi government maintains close strategic, military and political ties to those same "infidels" in the United States and Europe.

For decades, the Saudi royal family has operated on the assumption that it can maintain a two-track approach to the West: declaring its diplomatic and economic friendship with the outside powers whose support is vital to its survival, while allowing a totally different view of the West to be promoted by the country's vast religious establishment, which provides a vital connection between the ruling family and a large part of the country's estimated 15 to 18 million people.

American residents of plush Saudi compounds are rattled by the Dhahran explosion, Page 5.

For decades that two-track approach served the ruling family well.

Western countries, anxious to secure access to oil, have provided the Saudis with enormous income and protection from neighbors like Iraq and Iran. While tens of thousands of foreigners work in Saudi Arabia, they have been largely confined to plush compounds and isolated along the Red Sea coast and the oil-producing area around Dhahran.

Meanwhile, legions of poorly educated Saudis

See SAUDIS, Page 7

Saudi officials investigating bomb-damaged site of the Dhahran blast that killed 19 Americans.

Islamic Party Forms Coalition in Turkey

Ciller Will Be Deputy Minister; Tough Parliament Vote Ahead

By Stephen Kinzer
New York Times Service

BERLIN — In a move that represented a sharp break with 73 years of secular rule in Turkey, the leader of that country's Islamic party forged a coalition Friday that could make him prime minister within a few days.

The party leader, Necmettin Erbakan, said he had agreed to form a coalition government with former Prime Minister Tansu Ciller, who would serve as deputy prime minister and foreign minister.

President Suleyman Demirel approved the new government after meeting with Mr. Erbakan late Friday.

"I have very good news for you," Mr. Erbakan said after emerging from his meeting with the president. "A new government has been formed."

The coalition must now win a vote of confidence in Parliament. Mr. Erbakan's Welfare Party and Mrs. Ciller's True Path Party hold a majority of seats in the 550-seat Parliament. Some True Path deputies, however, have hinted that they might vote against the coalition because they cannot bear the idea of helping to bring an Islamic government to power.

Secularism and pro-Western foreign policies have been fundamental principles of the modern Turkish state since its founding in 1923. Mr. Erbakan has challenged those principles, suggesting that he favors Turkish withdrawal from NATO and closer ties with Iran and with militant Islamic groups like Hamas, which is waging guerrilla war against Israel.

"We will set up an Islamic United Nations, an Islamic NATO and an Islamic version of the European Union," Mr. Erbakan vowed in a campaign speech in December. "We will create an Islamic currency."

Turkey's resolutely secular military, however, would look with great disfavor on moves that would turn the country away from the West. Army officers have seized power three times since 1960 when they disapproved of elected governments.

Mr. Erbakan's party received just 21.38 percent of the vote in December's national election, meaning that nearly 80 percent of voters supported secularist candidates. Because of splits among other parties, however, Mr. Erbakan's total was enough to put him in first place.

Mrs. Ciller's decision to join a coalition with Mr. Erbakan was startling in view of her resolutely secular ideals. She is an American-educated economist who only a few months ago warned that a government led by Mr. Erbakan would "bury the country in darkness."

Not a single one of the 158 members of Parliament from Mr. Erbakan's party is female. He has said that Turks "do not want to be represented by women."

Mrs. Ciller is fighting several corruption charges, and has refused to explain what she did with $6.5 million that she withdrew from a secret government fund shortly before leaving office last

See TURKS, Page 7

Where Welfare Party Would Do It Differently

Following are some of the key positions of Turkey's Welfare Party:

Military: Supports an "Islamic NATO." Opposes Turkey's military training pact with Israel, and opposes the U.S.-led allied force that provides air shelter to Iraqi Kurds from a Turkish base.

Trade: Reassess Turkey's customs union with European Union. Has called for an Islamic "common market."

Rights: Maintain current constitution, but condemns barring female students from wearing head shawls.

Currency: Advocates an Islamic currency.

Finance: Maintains that interest rates are a violation of Islam.

Kohl Wins Vote on Unpopular Austerity Plan

By Alan Cowell
New York Times Service

BONN — Defying protest strikes and accusations that it is destroying Germany's generous welfare state, Chancellor Helmut Kohl's government won Parliament's approval Friday for major parts of an austerity plan reducing sickness benefits and job security in the name of increased competitiveness.

The measures reflected the wider worries among European governments that budget deficits and unemployment are both far too high at a time when the European Union is demanding much tighter fiscal management as the price for a single currency to compete in an increasingly global market.

Coming soon after Parliament's decision last week to loosen Germany's highly restrictive shopping hours, Friday's moves provided further evidence of the pressures exerted by a changing world economy and the dictates of European integration on Germany's rigid economic habits and ingrained social assumptions. While the measures are in no way comparable to the sweeping changes of Thatcherite Britain or the United States in the Reagan era — indeed, by those standards, they seem modest — they nonetheless represent an intimation for many Germans that the days of ever-expanding comfort are over.

Spain's cabinet seeks to speed up sale of state-owned firms, Page 11.

By a narrow margin reflecting the 10-seat government majority, the Bundestag, the lower house of Parliament, approved the measures as Mr. Kohl and other Europeans at the G-7 summit of industrialized nations in Lyon forecast economic improvements later this year. In contrast, hundreds of thousands of Germans have taken to the streets in organized protest to underline their contention that Bonn's austerity measures punish workers while making no demands on employers.

Earlier this month, over 300,000 labor union members converged on Bonn to protest the austerity package. Across Germany on Thursday, some 200,000 workers staged demonstrations.

The leader of the opposition Social Democrats, Oskar Lafontaine said Fri-

See GERMANY, Page 7

Yeltsin's Absence Sets Off Speculation About Health

By David Hoffman
Washington Post Service

MOSCOW — President Boris N. Yeltsin failed to appear for a scheduled speech to state farmers at the Kremlin on Friday, fueling speculation that he was exhausted or had fallen ill five days before the second round of the Russian presidential election.

Mr. Yeltsin has a history of heart trouble and heavy drinking. In recent months he has been through a grueling campaign in which he showed no outward signs of serious ill health. But in the last week he has all but disappeared from public view.

Prime Minister Viktor S. Chernomyrdin said Mr. Yeltsin had lost his voice. "The tension he has experienced in recent days affected his voice somehow," Mr. Chernomyrdin said before leaving Russia for the summit meeting of industrial democracies in Lyon.

Under the Russian Constitution, Mr. Chernomyrdin is Mr. Yeltsin's successor if the president dies or is incapacitated in office.

Viktor Ilyushin, one of Mr. Yeltsin's top aides, said that the president planned to take a "short rest" before the runoff vote on Wednesday.

Mr. Ilyushin, who held a press conference in response to the burst of speculation about Mr. Yeltsin's health, said the rest would help the president "recover as soon as possible" before the deciding round of the presidential election.

Asked what he meant by "rest," Mr. Ilyushin said Mr. Yeltsin rests "when he works just two or three hours a day," as he would do Saturday. He did not say what Mr. Yeltsin was going to "recover" from. The president's press secretary, Sergei Medvedev, said that Mr. Yeltsin's voice was "really not fine" but that the president was healthy.

Mr. Yeltsin's aides have a history of covering up his illnesses, which is one reason that speculation arose so quickly that the president might be seriously ill.

On Thursday, Mr. Yeltsin canceled a planned campaign trip to a town south of Moscow.

Mr. Yeltsin's aides said they met with him Friday, and Russian television showed a brief clip of the meeting, with the president, wearing a suit and tie, sitting in a chair. Mr. Yeltsin appeared to be talking but his voice was not audible. The announcer said Mr. Yeltsin was already at a country residence.

Mr. Yeltsin, 65, who has exceeded the average life expectancy for a Russian male, suffered two bouts of heart trouble last year that kept him sidelined for months.

As far as is known, he has avoided all available treatments for the heart problems, although details of his health are a closely guarded secret. The president's voice has also grown raspy during sev-

See RUSSIA, Page 7

Gold Summitry: Dispute Threatens Aid to Poorest

By Alan Friedman
International Herald Tribune

LYON — Leaders of the Group of Seven nations clashed Friday over how to provide billions of dollars in debt relief for many of the world's poorest countries, with Germany objecting to a U.S. and British proposal for the IMF to sell off some of its gold reserves to help fund the plan.

Senior American and British officials insisted that the plan to provide $5 billion to $6 billion, mainly to African debtor nations, would be financed partly by the sale of a portion of the gold held by the International Monetary Fund.

But President Bill Clinton and other G-7 leaders attending the economic summit here found themselves facing vigorous German opposition to the proposal to sell up to $2 billion worth of the IMF's $40 billion of reserves.

Chancellor Helmut Kohl said that Bonn could not agree to gold sales by the IMF, calling it a dangerous step that might bring calls for similar sales of Bundesbank gold.

Mr. Kohl said a gold sale would have "a negative psychological effect" in Germany, where he said people are still busy debating other matters, such as the merits of Europe's planned single currency project.

A German government official later explained to Reuters:

"We have a 50 billion mark hole in our budget. Someone could easily come up with the idea of using the Bundesbank's reserves."

Although the U.S. treasury secretary, Robert E. Rubin, told reporters that language contained in the economic communiqué pointed to the IMF going ahead with gold sales anyway, Mr. Kohl said the issue would probably have to be put to a formal poll at the IMF, where Germany has less than 6 percent of the organization's votes.

A vote is now considered possible before the annual IMF meetings are held next autumn.

"We all agreed on the language in the communiqué and I think it leads to one place," said Mr. Rubin when asked about Bonn's attempt to stop gold sales. Another senior Treasury official contended that with Japan's decision to back gold sales, Germany would no longer be able to muster the 15 percent of votes at the IMF needed to block the proposal.

Kenneth Clarke, Britain's chancellor of the Exchequer, made clear that "the word gold does not appear in the communiqué, but all of us know perfectly well that the policy described in the communiqué is going to mean selling

See SUMMIT, Page 7

Tom Hanson/The Associated Press

Group of Seven leaders lining up for a photo Friday in Lyon. From left, Jean Chrétien, Bill Clinton, Helmut Kohl, Jacques Chirac, John Major, Romano Prodi and Jacques Santer. Ryutaro Hashimoto was out of view.

Sumo Wrestles With Outsized Scandal

Despite Allegations, Ruling Body Is Satisfied With Sport's Probity

By Sheryl WuDunn
New York Times Service

TOYOAKE, Japan — When sumo wrestlers hurl their blubbery bodies at each other like fighting buffaloes, it is the quicker, the stronger and heftier who is supposed to heave his rival out of the tiny ring.

But these days, there are growing murmurs that some matches may be decided not by the caliber of the wrestlers but by the thickness of the wads of cash that move from one pocket to another.

The sources of those murmurings have found their way into a magazine and a book by an embittered wrestler, Onaruto Oyakata, with the support of his wrestling comrade, Seiichiro Hashimoto.

From their homes near this serene town in central Japan, the two giants shook up the world of sumo and the nation that reveres it.

Then, adding to the turmoil, they both died suddenly, just hours apart, on April 14 of essentially the same illness in the same hospital.

"They have had a very strong, negative effect on sumo," Mitsuru Miyake, chief editor of Ozumo, a magazine about sumo, said about the two deaths. "If you look at the possibility of it, it seems very strange for these two people to die on the same day at the same hospital. But no one had seen them poisoned, so you can't prove the skepticism."

Dr. Shigenobu Iwata, who cared for both men, said that the deaths were purely coincidental, of lung failure, and that an autopsy was conducted on Kotoshin Suga, who is often referred to by his abbreviated ring name, Onaruto, but not on Mr. Hashimoto's body.

The police are satisfied that there was no foul play and are not conducting an investigation. Nonetheless, the deaths have intensified the mystery these days surrounding the sumo world, a traditional sport where two elephantine men, their long hair greased back in dainty buns, purify themselves in a Shinto ritual and then grunt and stamp and shove each other in a small dirt ring.

Sumo is the national sport in Japan, and the entire nation tunes to the television set during the periodic 15-day matches.

Sumo is regarded as more than a sport; it is seen as the epitome of Japanese honor and the national ethos.

It has spiritual ties to Shinto, the traditional Japanese religion, and Japanese emperors over the centuries have had a special attachment to it.

See SUMO, Page 4

Newsstand Prices

Andorra	10.00 FF	Lebanon	LL 3,000
Antilles	12.50 FF	Morocco	14 Dh
Cameroon	1,600 CFA	Qatar	10.00 Riels
Egypt	£E 5	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10.00 R.
Gabon	1100 CFA	Senegal	1,100 CFA
Greece	350 Dr.	Spain	225 PTAS
Italy	2,800 Lire	Tunisia	1,250 Din
Ivory Coast	1,250 CFA	U.A.E.	10.00 Dirh
Jordan	1,250 JD	U.S. Mil. (Eur.)	$1.20

AGENDA

Dow Jones	Trib Index
Down 22.90	Down 0.10%
5654.63	138.61

The Dollar

New York	Fri. close	previous close
DM	1.5247	1.5182
Pound	1.553	1.5493
Yen	109.725	109.145
FF	5.155	5.1335

EUROPE Page 2.
Test Ban Treaty Talks Put on Hold

EURO 96 FINAL
Sunday, 1800 GMT
Czech Rep. vs. Germany

SPORTS Page 18.
Ian Thomsen's soccer preview.

Opinion Page 6. *Crossword* Page 7.
Books Page 4. *Sports* Pages 18-19.

U.K. Base Hit In Germany

BONN (Reuters) — Unidentified assailants attacked a British Army barracks in Germany on Friday, setting off explosions but apparently not causing any injuries, German law enforcement officials said.

German investigators said circumstances surrounding the blast at the base near Osnabrück in northwestern Germany suggested Irish nationalist guerrillas were responsible.

A British Army spokesman said the assailants appeared to have fired two mortar shells into the barracks from a van just outside the gates at 6:50 P.M.

Osnabrück, the largest British military garrison in Germany, contains 10,700 personnel and their families. It has been attacked by IRA guerrillas in the past.

Nuclear Test Ban Effort s In Peril of Unraveling

Negotiations Recess Until End of July

By Fred Barbash
Washington Post Service

GENEVA — The 61-nation disarmnent conference sponsored by the Inited Nations that seemed so close to its oal of agreement on a nuclear test ban reaty just a few weeks ago recessed riday facing the risk of an unraveling of ne entire process.

While the conference chairman issued disputed draft for a treaty, as he said he vould Thursday, arms negotiators here onceded defeat in efforts to reach agreenent on a complete package. They thus anded a bundle of difficult issues to their overnments for resolution on a tight imetable that participants and experts alike agreed would be difficult, though ot impossible, to meet.

The governments now have four weeks to work out differences that have divided them for two years without upsetting the considerable progress already made. If they do not, the conference, scheduled to reconvene July 29, will be unable to deliver a treaty to the UN General Assembly in the late summer as planned, causing a delay and a possible reopening of currently resolved provisions that many diplomats believe could make agreement even more difficult.

The conference faced "irreconcilable views" on critical issues, said Jaap Ramaker, the Dutch diplomat who is chairman of the conference and who confronts "a serious time problem."

The conference had agreed, for the first time, on a total ban on nuclear explosions of any kind, a consensus made possible by China dropping its insistence on permitting "peaceful nuclear explosions" earlier this month.

But it ran into trouble most significantly on the means of implementing the treaty — with a split among the nuclear and potential nuclear powers on whether it could take effect even if some nations with a nuclear capability refused to ratify it.

Britain, Russia, China and Pakistan took essentially an "everyone or no one" position, while the United States and most other nations represented argued for greater flexibility. That division became all-important when, earlier this month, India said it would refuse to sign on to the treaty in anything close to its present form.

Pakistan, which has been in hot and cold war with India for five decades, then said it would not sign if India did not.

A major source of the conference's difficulties is the instability in the relationships among India, Pakistan, China and Russia, which share regions, borders and degrees of mutual nuclear suspicion.

As recently as late Thursday night, there was still some hope that this and other outstanding disagreements would be resolved, allowing the conference to transmit a text to the United Nations now. Despite the best efforts of Mr. Ramaker, no significant movement took place overnight or early Friday.

In order to succeed, the governments participating will have to have ironed out all their differences by then and avoid reopening already agreed elements of the treaty proposal.

Russian Army Starts Pullout From Chechnya

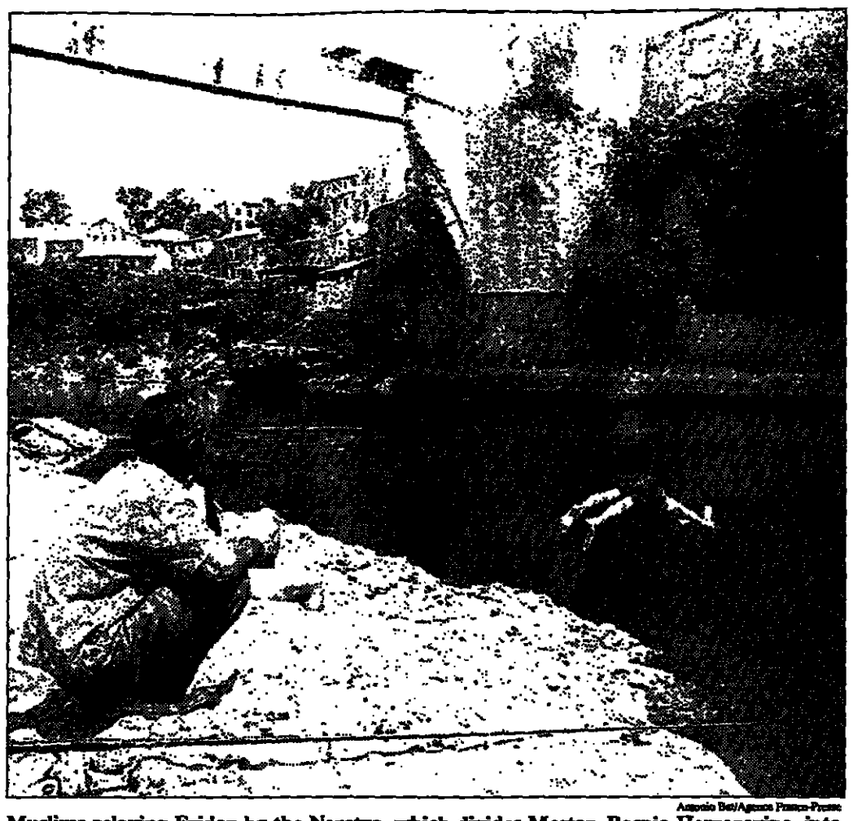
Compiled by Our Staff From Dispatches

KHANKALA BASE, Russia — Russian troops began their long-promised withdrawal from Chechnya on Friday in a move clearly designed to enhance President Boris N. Yeltsin's re-election chances.

The pullout began three days after Mr. Yeltsin signed a decree ordering it to start. But its continuation is conditional on success in peace efforts.

Several hundred soldiers of the 245th Mechanized Infantry Regiment crammed into the passenger compartments and cattle wagons of a train at the Khankala military base in Grozny that was also carrying tanks, armored personnel carriers and other equipment.

"I congratulate you on having carried out your mission successfully," Lieutenant General Vyacheslav Tikhomirov told the troops during a ceremony that seemed tailored for television cameras and Russian public opinion. A small brass band marched in the dust playing the Russian national anthem. A peace pact calls for a complete pullout of Russian troops by Sept. 1, but Russian officials have since suggested some troops may stay permanently. *(Reuters, AP)*



Antonio Bat/Agence France-Presse

Muslims relaxing Friday by the Neretva, which divides Mostar, Bosnia-Herzegovina, into Croat and Muslim areas. Residents will vote Sunday in elections intended to reunite the city.

Karadzic Oblivious to Orders to Quit

Leading a Congress, Bosnian Serb Praises His Party's 'One Voice'

By John Pomfret
Washington Post Service

PALE, Bosnia-Herzegovina — Decked out in a black tuxedo, Radovan Karadzic, the Bosnian Serb leader, met his party faithful Friday in the cavernous canteen of an auto parts factory that now doubles as the headquarters of his para-state.

As a flock of sheep grazed across the street in his village capital, Mr. Karadzic quoted 19th century poetry and compared himself to Jesus in a 40-minute address. Serbian nationalists interrupted 11 times with ovations, three of them standing.

But the Serb leader, indicted twice by the international war crimes tribunal at The Hague for genocide and crimes against humanity, made no mention of the controversy surrounding his future.

[The Bosnia peace coordinator, Carl Bildt, said Friday that action would be taken unless Mr. Karadzic stepped down in the next few days, Reuters reported from Lyon.]

Although U.S. Secretary of State Warren M. Christopher said earlier this month that NATO troops in Bosnia would move to stymie Mr. Karadzic's freedom of movement, on Friday they were nowhere to be seen in Pale.

The meeting Friday marked only the second full congress of Mr. Karadzic's Serbian Democratic Party in six years and had all the trappings of a Communist get-together. All of the 15 decisions taken by the party were unanimous. No one among the crowd of 354 spoke out of turn. No one criticized the party platform.

"Good," Mr. Karadzic said at one point, "the party speaks with one voice."

Meanwhile, a report Friday that General Ratko Mladic, the Bosnian Serb military commander, had suffered a stroke was denied by the Bosnian Serb army. Serb sources confirmed, however, that General Mladic had been hospitalized late last week.

BRIEFLY EUROPE

Whaling Talks End in Dissent

LONDON — Norway stormed out of the International Whaling Commission, and a disgruntled Russia dropped a request for an exemption from the whaling ban on Friday, the last day of a divisive annual meeting.

The Norwegian delegation at the meeting in Aberdeen, Scotland, was protesting the approval of a resolution that censures Norway for continuing to hunt whales, and what it sees as the dominance of anti-whalers in the organization.

The resolution ordered Norway to honor a 1982 moratorium on global whaling, to clamp down on smuggling of whale meat and to provide information about its stockpiles of meat and blubber, delegates said. Norway was also told it could not lift a ban on exporting whale products.

Russia on Friday dropped a request that Siberian whalers from the Chukotska Peninsula be allowed to catch five bowhead whales after it became clear that it would not get the required three-quarters majority in a vote for approval. *(Reuters)*

Greek Socialists Are Feuding

ATHENS — The governing Socialists were caught up Friday in a bruising leadership battle that could lead Prime Minister Costas Simitis to resign.

More than 5,000 delegates applauded, booed or chanted at a party congress that is to choose the new leader of the Panhellenic Socialist Movement.

The battle is between Mr. Simitis, who wants control of both the government and the party, and Interior Minister Akis Tsohatzopoulos, a long-time Papandreou lieutenant. Mr. Simitis said when the congress opened Thursday that he would resign unless he was elected party president.

Belgium Can't Bar French Beef

BRUSSELS — The European Commission rejected Friday a call in Belgium for a ban on imports of French cattle because there had been recent cases of "mad cow disease" in France.

A farmers union, Alliance Agricole Belge, had written to the Belgian farm minister, Karel Pinxten, demanding an immediate ban. "There can be no ban other than the ban on British beef exports," said the commission agriculture spokesman, Gerard Kiely. "Such a ban would be illegal."

France, meanwhile, has banned imports of British animal feed containing bone meal and is asking its European partners to follow suit.

"Our action on this matter is intended to create a dual protective barrier consisting of restrictions on the origins of feed ingredients and restrictions on the way they are processed," Prime Minister Alain Juppé said. *(Reuters)*

Russian Ship Makes It to Shore

LONDON — A Russian passenger ship that was adrift off the coast of Scotland with 139 people aboard arrived safely at port Friday, the coast guard said.

The 3,900-ton Alla Tarasova arrived under its own power after taking on water in its engine room 10 kilometers (six miles) off Peterhead on Scotland's northeast coast.

The 100-meter (350-foot) ship, which belongs to the Murmansk Shipping Co., had been headed from Leith to Kirkwall in the Orkney Islands. *(Reuters)*

Correction

An incorrect credit appeared in some editions Friday on an article on Iran. The writer was Rick Atkinson of The Washington Post.

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In California Freeway Test, Hands Off the Wheel

Los Angeles Times

SAN DIEGO — A short stretch of freeway here was to become home Friday to an experiment based on the oldest of motorist laments: driving would be so much better if not for the drivers.

Politicians and transportation visionaries from around the United States were to gather on Interstate 15 to inaugurate a futuristic venture in highway management — a computerized system using magnets in the road that could someday guide packs of speeding cars, with virtually no help from the drivers.

The 7.6-mile (12-kilometer) stretch of road about 10 miles north of downtown San Diego was picked as the first test site of such an automated system because of its recent vintage and unique traffic pattern. The car-pool lane flows in one direction for the morning rush hour and the opposite direction at night. It is closed to all cars in midday — allowing construction of the experimental system with minimal disruption.

The first of thousands of 3-inch (7.5-centimeter) magnetic spikes were to be buried in the lane during groundbreaking. The magnets eventually would help keep in line "platoons" of cars — a dozen at a time — at close distances and high speeds that only foolhardy tailgaters would even attempt now.

The effort, by a consortium of government agencies, car makers and universities, is part of a push to meet a 1991 congressional mandate to develop a prototype automated highway by 2002. A test drive could come as early as next summer.

Planners say the experiment in hands-free driving could mean less congestion and fewer crashes by removing the biggest cause of travel trouble: the person at the wheel. Supporters also claim the system could serve as an alternative to building new lanes and conserve fuel by keeping traffic moving.

TRAVEL UPDATE

Air France Europe Is Set To Resume Full Schedule

PARIS (AFP) — Air France Europe, the subsidiary of state-owned Air France, will operate all its flights Saturday and will "reinforce" certain key routes, a spokesman said.

The airline, formerly Air Inter, canceled about 500 flights Friday because of a snap 24-hour strike called by unions over job-cutting plans and proposals to merge with the European operations of its parent.

Air France Europe will provide an extra 3,500 seats for the weekend, the start of the summer holidays for many French families, the spokesman said.

Chinese Pandas to U.S.

SAN DIEGO (AP) — A pair of giant pandas from China will spend the next 12 years at the San Diego Zoo under an agreement reached after four years of bureaucratic and political delays.

The Chinese government announced the loan Thursday, the same day the U.S. House of Representatives rejected a measure that would have denied normal trade status for China, home to the world's remaining 1,000 wild pandas.

One panda is in the Washington Zoo.

RELIGIOUS SERVICES

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NICE: Holy Trinity. (Anglican/ Episcopalian), 11 rue de la Buffa. Sunday Eucharist at 11 a.m.; Weekdays as on notice board. VENCE: St.Hughs, ave. de la Résistance. Sunday Eucharist at 9 a.m. Contact Father Ken Lists 93 87 19 83.

MUNICH

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EMMANUEL BAPTIST CHURCH, 56 Rue des Bons-Raisins, Rueil-Malmaison. Early service and Sunday School - 9:45 a.m. Second service with Children's Church - 11:00 a.m. Rev. Scot Stearman. Call 47.51.29.63 or 47.49.15.29 for information.

HOPE INTERNATIONAL CHURCH Hotel Orion at Pont-la-Défense, 8 bd. de Neuilly. Worship Sundays 9:30 a.m. Rev. Douglas Miller, Pastor. Tel.: 43.33.04.06. Métro 1 to la Défense Esplanade.

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ST. MICHAEL'S CHURCH (evangelical Anglican). Sundays 10:30 a.m. (with children's club and creche) and 6:30 p.m. Midweek study groups. Christ-centered fellowship in the heart of Paris. 5 rue d'Aguesseau, 75008. Tel.: 47.42.70.88. Metro: Concorde.

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ST. PAUL INTERNATIONAL LUTHERAN CHURCH, near Idabashi Stn. Tel.: 3261-3740. Worship Service: 9:30 a.m. Sundays.

TOKYO UNION CHURCH near Omotesando Subway Sta. Tel: 3400-0047, Worship Services: Sunday 10:00 a.m. only.

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ZURICH-SWITZERLAND

ENGLISH-SPEAKING CATHOLIC MISSION; St. Anton Church, Minervastraße 63, near Kreuzplatz. Services conducted in English. Sunday Mass: 8:30 a.m. & 11:30 a.m. Services held in the crypt of St. Anton Church.

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THE AMERICAN CATHEDRAL OF THE HOLY TRINITY, Sun. 9 & 11 a.m., 10:45 a.m. Sunday School for children and Nursery care. Third Sunday 5 p.m. Evensong. 23, avenue George V, Paris 75008. Tel.: 33/1 47 20 17 92. Metro: George V or Alma Marceau.

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CHURCH OF CHRIST THE KING (Episcopal/Anglican) Sun. Holy Communion 9 & 11 a.m. Sunday School and Nursery 10:45 a.m. Sebastian Rinz St. 22, 60323 Frankfurt, Germany. U1, 2, 3 Miquel-Allee. Tel: 49/69 55 01 84.

GENEVA

EMMANUEL CHURCH, 1st & 3rd Sun. 10 a.m. Eucharist; 2nd & 4th Sun. Morning Prayer. 3 rue de Monthoux, 1201 Geneva, Switzerland. Tel.: 41/22 732 80 78.

MUNICH

THE CHURCH OF THE ASCENSION, Sun. 11:45 a.m. Holy Eucharist and Sunday School. Nursery Care provided. Seybothstrasse 4, 81545 Munich (Harlaching), Germany. Tel.: 49/89 64 81 85.

ROME

ST. PAUL'S WITHIN-THE-WALLS, Sun. 8:30 a.m. Holy Eucharist Rite I; 10:30 a.m. Choral Eucharist Rite II; 10:30 a.m. Church School for children & Nursery care provided; 1 p.m. Spanish Eucharist. Via Napoli 58, 00184 Rome. Tel.: 39/6 488 3339 or 39/6 474 3569.

BRUSSELS/WATERLOO

ALL SAINTS' CHURCH, 1st Sun. 9 & 11:15 a.m. Holy Eucharist with Children's Chapel at 11:15. All other Sundays: 11:15 a.m. Holy Eucharist and Sunday School. 563 Chaussée de Louvain. Ohain, Belgium. Tel. 32/2 384-3556.

WIESBADEN

THE CHURCH OF ST. AUGUSTINE OF CANTERBURY, Sun. 10 a.m. Family Eucharist. Frankfurter Strasse 3, Wiesbaden, Germany. Tel.: 49/611.30.68.74.

EUROPEAN BAPTIST CONVENTION

BERLIN

I.B.C., BERLIN, Rothenburg Str. 13, (Steglitz). Bible study 10.45, worship at 12.00 each Sunday. James Heflin, pastor. Tel.: 030-774-4670.

BONN/KÖLN

I.B.C. OF BONN/KÖLN, Rheinau Strasse 9, Köln. Worship 1:00 p.m. Calvin Hogue, Pastor. Tel.: (02236) 47021.

BREMEN

I.B.C. (English language) meets at Evangelisch-Freikirchich Kreuzgemeinde, Hohenlohestrasse Hermann-Bose-Str. (around the corner from the Bahnhof) sunday worship 17:00, Pastor Steve Slight, Tel. 04791-12877.

BUCHAREST

I.B.C., Strada Popa Rusu 22. 3:00 p.m. Contact Pastor Mike Kemper, Tel. 312 3860.

BUDAPEST

I.B.C., meets in Morics Zsigmond Gimnazium, Torokvesz ut 48-54, Sundays. 10:00 Coffee Fellowship, 10:30 Worship. Take Bus 11 from Batthyany ter. Other meetings, call Pastor Bob Zbinden, Tel. 250-3932.

BULGARIA

I.B.C., World Trade Center, 36, Drahan Tzankov Blvd. Worship 11:00. James Duke, Pastor. Tel.: 669 666.

CELLE/HANNOVER

I.B.C., Windmuhlen Strasse 45, Celle 1300 Worship, 1400 Bible Study, Pastor James Wilson. Ph. (05141) 46416.

FRANKFURT

INTERNATIONAL CHRISTIAN FELLOWSHIP, Sodenerstr. 11-18, 63150 Bad Homburg. A friendly, Christ-centered, church serving the English-speaking community. Sunday Worship, S.S. & Nursery 09:45. Weekday Groups. Pastor: M.P. Lavey. Call 06173-62726.

BETHEL I.B.C. Am Dachsberg 92 (English), Worship Sun. 11:00 a.m. and 6:00 p.m. Tel.: 069-549559.

HOLLAND

TRINITY INTERNATIONAL invites you to a Christ centered fellowship. Services 9:00 and 10:30 a.m. Bloemcamplaan 54, Wassenaar 070-517-6024 nursery prov.

KIEV

I.B.C. English Language Service. 10:00 at 3-e Tolstoga Str. (Metro same). Pastor Buddy Barnett, ph. 269-6148.

LISBON

I.B.C. Second Floor of Third Baptist Church, Rua Filipe Folque 36, 10:00 Bible Study, 11:00 Worship. Pastor Larry Rose. Tel.: 418-51138.

MOSCOW

I.B.C. Meeting 1100: Kino Center Building 15 OruzDruzhinnikovskaya UL. 5th Floor, Hall 6, Metro Station Barrikadnaya Pastor Don Deal, Tel.: (095) 971 3558.

MUNICH

I.B.C. Holzstr. 9 English Language Services. Bible study 15:45. Worship Service 17:00. Pastor's phone: (089) 690 9534.

NICE - FRANCE

I.B.C. 13 rue Vernier, English service, Sunday evening 18:30, pastor Roy Miller - Tel.: (093) 320 596.

PRAGUE

INTERNATIONAL BAPTIST FELLOWSHIP meets at the Czech Baptist Church Vinohradska # 68, Prague 3. At metro stop Jiriroz Podebrad Sunday a.m. 11:00 Pastor: Al major, Tel.: (02) 311 7974.

WATERLOO

WATERLOO BAPTIST FELLOWSHIP Worship 1400 at Swedish Church, Chaussee de Chesterol 2 across from McDonalds. Tel.: (02) 353 1585.

ZURICH - SWITZERLAND

I.B.C of Zürich, Gheistrasse 31, 8803 Rüschlikon. Worship Services Sunday mornings 10:30, Tel.: 1-4810018.

ASSOC. OF INT'L CHURCHES

BERLIN

AMERICAN CHURCH IN BERLIN, cor. of Clay Allee & Potsdamer Str., S.S. 9:30 a.m., Worship 11 a.m. Tel.: 030-8132021.

FRANKFURT

TRINITY LUTHERAN CHURCH, Nibelungen Allee 54 (Across from Surger Hospital), Worship 11 a.m. w/Child care. Tel.: (069) 599478 or 512552.

GENEVA

EV. LUTHERAN CHURCH 20 rue Verdaine. Sunday worship 9:30, in German 11:00 in English. Tel: (022) 310.50.89.

JERUSALEM

LUTHERAN CHURCH of the Redeemer. Old City, Muristan Rd. English worship Sun. 9 a.m. All are welcome. Tel.: (02) 281-049.

PARIS

AMERICAN CHURCH IN PARIS. Worship 11:00 a.m. 65, Quai d'Orsay, Paris 7. Bus 63 at door. Metro Alma-Marceau or Invalides.

VIENNA

VIENNA COMMUNITY CHURCH, Sunday worship in English 11:30 A.M., Sunday school, nursery, International, all denominations welcome. Dorotheergasse 16, Vienna 1.

ZURICH

INTERNATIONAL PROTESTANT CHURCH English speaking, worship service, Sunday School & Nursery, Sundays 11:30 a.m., Schanzengasse 25. Tel.: (01) 2625525.

LEISURE DESTINATIONS

SATURDAY

Location	Weather	High Temp. C/F	Low Temp. C/F	Water Temp. C/F	Wave Heights (Metres)		Wind Speed (kph)
Europe and Middle East							
Cannes	partly sunny	25/77	15/59	22/71	1-2	N	15-30
Deauville	cloudy	21/70	12/53	14/57	1-2	NW	25-50
Rimini	thunderstorms	27/80	16/61	23/73	1-2	W	18-35
Malaga	sunny	29/84	21/70	22/71	1-2	N	18-35
Cagliari	partly sunny	29/84	19/66	23/73	1-2	W	18-35
Faro	sunny	27/80	17/62	20/68	1-2	N	15-30
Piraeus	sunny	29/84	20/68	23/73	1-2	W	15-30
Corfu	sunny	29/84	18/64	22/71	1-2	W	15-30
Brighton	cloudy	24/75	14/57	15/59	1-2	NW	12-25
Ostend	showers	21/70	14/57	15/59	2-3	NW	30-50
Scheveningen	showers	20/68	14/57	15/59	2-3	NW	30-50
Sylt	rain	18/64	12/53	14/57	2-3	NW	40-60
Izmir	partly sunny	30/86	21/70	22/71	1-2	W	20-40
Tel Aviv	partly sunny	27/80	22/71	25/77	1-2	W	15-25
Caribbean and West Atlantic							
Barbados	partly sunny	31/88	24/75	29/84	1-2	SE	20-35
Kingston	partly sunny	31/88	25/77	29/84	1-2	SE	20-40
St.Thomas	partly sunny	33/91	25/77	30/86	1-2	SE	18-35
Hamilton	thunderstorms	26/79	22/71	26/79	1-2	SE	20-35
Asia/Pacific							
Penang	showers	33/91	24/75	31/88	0-1	SW	12-25
Phuket	thunderstorms	34/93	26/79	31/88	1-2	S	15-30
Bali	partly sunny	32/89	25/77	31/88	1-2	E	15-25
Cebu	thunderstorms	31/88	25/77	30/86	1-2	E	15-30
Palm Beach, Aus.	partly sunny	16/61	10/50	15/59	2-3	W	30-50
Bay of Islands, NZ	cloudy	13/66	11/52	17/62	1-2	W	25-50
Shirahama	partly sunny	28/82	22/71	25/77	1-2	SW	25-50
Honolulu	partly sunny	31/88	25/77	27/80	1-2	NE	20-30

SUNDAY

All forecasts and data provided by AccuWeather, Inc. © 1996

Location	Weather	High Temp. C/F	Low Temp. C/F	Water Temp. C/F	Wave Heights (Metres)		Wind Speed (kph)
Europe and Middle East							
Cannes	sunny	27/80	17/62	22/71	0-1	NW	12-25
Deauville	partly sunny	24/75	14/57	14/57	1-2	W	15-30
Rimini	sunny	29/84	16/64	22/71	1-2	W	15-30
Malaga	sunny	30/86	21/70	22/71	0-1	NW	12-25
Cagliari	sunny	29/82	19/66	22/71	1-2	NW	15-30
Faro	sunny	28/84	18/64	21/70	0-1	NE	10-20
Piraeus	partly sunny	30/86	20/68	23/73	1-2	SW	18-35
Corfu	sunny	30/86	19/66	22/71	1-2	W	18-35
Brighton	partly sunny	26/79	14/57	15/59	1-2	W	15-30
Ostend	partly sunny	23/73	15/59	15/59	1-2	NW	25-50
Scheveningen	cloudy	23/73	15/59	15/59	2-3	NW	25-50
Sylt	showers	21/70	14/57	14/57	2-3	NW	25-50
Izmir	sunny	29/84	20/68	22/71	0-1	W	12-22
Tel Aviv	partly sunny	27/80	22/71	25/77	1-2	W	12-22
Caribbean and West Atlantic							
Barbados	partly sunny	32/89	24/75	29/84	1-2	SE	20-35
Kingston	partly sunny	32/89	25/77	29/84	1-2	SE	20-40
St.Thomas	partly sunny	33/91	25/77	30/86	1-2	SE	18-35
Hamilton	showers	27/80	23/73	26/79	1-2	S	25-45
Asia/Pacific							
Penang	thunderstorms	32/89	23/73	31/88	0-1	SW	10-20
Phuket	thunderstorms	33/91	26/79	31/88	1-2	S	18-35
Bali	partly sunny	33/91	25/77	31/88	1-2	E	12-25
Cebu	thunderstorms	31/88	26/79	30/86	1-2	SE	12-25
Palm Beach, Aus.	sunny	18/64	8/46	14/57	1-2	SW	12-25
Bay of Islands, NZ	showers	17/62	10/50	16/61	2-3	NW	35-60
Shirahama	partly sunny	29/84	23/73	25/77	1-2	SW	20-40
Honolulu	partly sunny	30/86	24/75	26/79	1-2	E	20-35

WEATHER

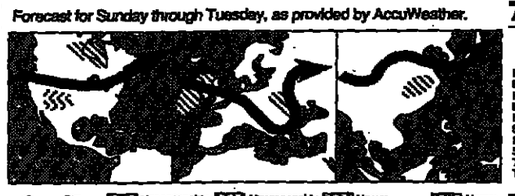
Europe

	Today High C/F	Today Low C/F	Tomorrow High C/F	Tomorrow Low C/F
Algiers	28/82	21/70 s	29/84	20/68 s
Amsterdam	18/64	12/53 r	17/62	13/55 r
Ankara	22/71	9/48 pc	27/80	13/55 s
Athens	27/80	18/64 s	29/84	20/68 s
Barcelona	27/80	18/64 pc	27/80	21/70 s
Belgrade	28/78	14/57 pc	29/78	14/57 c
Berlin	20/68	14/57 sh	17/62	9/48 sh
Brussels	17/62	12/53 sh	18/64	11/52 sh
Budapest	28/82	18/64 pc	29/78	17/62 sh
Copenhagen	19/64	14/57 sh	19/66	10/50 sh
Costa Del Sol	29/84	23/71 s	31/88	22/71 s
Dublin	18/64	12/53 sh	17/62	7/44 c
Edinburgh	15/59	12/53 c	14/57	8/46 sh
Florence	24/75	17/62 pc	25/77	17/62 pc
Frankfurt	23/71	14/57 sh	21/70	12/53 sh
Geneva	21/70	12/53 s	23/73	15/59 c
Helsinki	18/64	11/52 pc	21/70	12/53 c
Istanbul	28/78	18/61 s	29/78	15/59 s
Las Palmas	28/70	19/66 s	27/80	21/70 s
Lisbon	29/82	16/61 s	29/82	16/61 s
London	19/66	12/53 c	19/66	11/52 pc
Madrid	32/89	18/64 s	32/89	18/64 s
Mallorca	25/77	19/66 pc	25/77	22/71 s
Milan	25/77	14/57 c	27/80	18/64 pc
Moscow	19/64	15/59 r	23/73	14/57 sh
Munich	21/70	11/52 t	18/64	11/52 sh
Nice	25/77	14/57 s	26/79	19/66 s
Oslo	18/66	14/57 r	17/62	10/50 sh
Paris	21/70	11/52 c	18/66	12/53 pc
Prague	22/71	12/53 t	19/66	11/52 t
Reykjavik	13/55	11/52 r	13/55	7/44 c
Rome	28/79	15/59 s	27/80	17/62 pc
St. Petersburg	23/73	11/52 pc	20/79	12/53 pc
Stockholm	19/64	10/50 c	17/62	11/52 sh
Strasbourg	20/68	11/52 sh	23/73	12/53 c
Tallinn	18/64	12/53 pc	21/70	12/55 c
Venice	25/77	19/66 c	29/79	19/66 pc
Vienna	23/73	15/61 sh	18/64	10/50 c
Warsaw	25/77	15/59 s	20/68	11/52 sh
Zurich	20/68	11/52 t	21/70	13/55 c

Oceania

Auckland	16/61	11/52 sh	15/59	8/46 pc
Sydney	17/62	11/52 c	17/62	11/52 pc

Forecast for Sunday through Tuesday, as provided by AccuWeather.



Jetstream · Unseasonably Cold · Unseasonably Hot · Heavy Rain · Heavy Snow

North America

Hot with some sunshine from New York City to Washington, D.C., Sunday; thunderstorms could roll in late in the day or at night. Thunderstorms possible Monday. Sizzling sun in Dallas Sunday through Tuesday. Partly sunny with scattered thunderstorms the next few days in Florida.

Europe

Breezy with passing showers in Dublin Sunday and Monday, then perhaps a soaking rain Tuesday. Sunny and seasonably hot the next few days in Madrid. Windy with a shower possible in Rome Sunday, then sunshine and warm Monday and Tuesday.

Asia

Rains at times, some heavy, Sunday through Tuesday in Shanghai. Hot and humid the next few days in Hong Kong and Taipei with partial sunshine and just the chance for a thunderstorm. Humid in Tokyo Sunday and Monday with a shower possibly.

Middle East

	Today High C/F	Today Low C/F	Tomorrow High C/F	Tomorrow Low C/F
Abu Dhabi	35/95	29/84 s	37/98	27/80 s
Beirut	29/84	18/68 s	30/86	23/73 s
Cairo	35/95	18/61 c	36/97	22/71 s
Damascus	29/84	12/53 s	32/89	16/61 s
Jerusalem	27/80	13/55 s	29/84	19/66 s
Luxor	41/106	22/73 s	43/109	23/71 s
Riyadh	42/107	23/73 s	43/109	24/75 s

Africa

	Today High C/F	Today Low C/F	Tomorrow High C/F	Tomorrow Low C/F
Algiers	27/80	19/66 s	27/80	21/70 s
Cape Town	23/73	11/52 pc	17/62	6/43 sh
Casablanca	27/80	18/64 s	25/82	19/66 s
Harare	21/70	8/46 pc	22/71	9/48 pc
Lagos	29/84	23/73 c	29/84	24/75 c
Nairobi	29/71	10/50 pc	22/71	11/52 s
Tunis	29/82	19/64 pc	29/84	18/66 s

Asia

	Today High C/F	Today Low C/F	Tomorrow High C/F	Tomorrow Low C/F
Bangkok	33/91	25/77 pc	34/93	25/77 pc
Beijing	31/88	18/66 pc	33/91	23/73 pc
Hong Kong	32/89	28/79 t	31/88	28/79 pc
Manila	33/91	24/75 pc	34/93	24/75 pc
New Delhi	34/93	29/84 t	34/93	28/79 pc
Seoul	24/75	19/66 sh	27/80	19/64 pc
Shanghai	29/84	22/73 t	31/88	23/73 pc
Singapore	30/86	24/75 sh	31/88	23/73 sh
Taipei	32/89	23/73 pc	33/91	23/73 pc
Tokyo	27/80	19/66 pc	27/80	20/68 sh

Latin America

Buenos Aires	12/53	6/43 pc	14/57	6/43 pc
Caracas	31/88	23/73 c	31/88	21/70 pc
Lima	18/64	16/61 c	19/66	16/61 pc
Mexico City	24/75	13/55 sh	24/75	12/53 pc
Rio de Janeiro	20/68	16/61 sh	28/79	18/64 pc
Santiago	11/52	1/34 pc	13/55	3/37 c

North America

Anchorage	15/59	10/50 r	18/64	9/48 pc
Atlanta	33/91	23/73 s	34/93	23/73 s
Boston	26/79	17/62 s	29/84	19/66 pc
Chicago	34/93	22/71 s	31/88	19/66 t
Dallas	39/97	24/75 s	35/95	23/73 s
Denver	32/89	18/61 pc	31/88	14/57 pc
Detroit	33/91	22/71 s	32/89	17/62 t
Honolulu	28/82	24/75 c	30/86	23/73 pc
Houston	34/93	24/75 t	33/91	23/73 t
Los Angeles	29/84	17/62 s	30/86	18/64 pc
Miami	31/88	25/77 pc	31/88	24/75 t
Minneapolis	28/82	18/66 t	28/82	18/61 c
Montreal	23/73	12/53 pc	28/79	12/53 pc
Nassau	31/88	24/75 pc	32/89	24/75 pc
New York	30/86	20/68 s	30/86	20/68 pc
Phoenix	41/106	29/82 s	44/111	29/84 s
San Fran.	20/79	12/53 s	20/68	12/53 s
Seattle	21/70	11/52 pc	24/75	12/53 pc
Toronto	28/82	12/53 t	29/84	13/55 t
Vancouver	20/68	12/53 pc	20/68	12/53 pc
Washington	30/86	21/70 pc	32/89	22/71 s

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, Hist. W-Weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1996

Imprimé par Offprint. 73 rue de l'Evangile. 75018 Paris.

High Court Overrules Law on Cable TV Smut

The Associated Press

WASHINGTON — The Supreme Court on Friday struck down a federal law designed to restrict the exposure of children to indecent programs on some cable television channels.

In a splintered decision that produced six separate opinions, the justices said the heart of the 1992 law would violate free-speech rights. The court voted 6 to 3 and 5 to 4 to strike down those parts of the statute, which was Congress' first venture into fighting smut on cable TV.

Although the decision focused only on cable channels leased to local groups or set aside for public access, it appeared to bolster legal challenges to a new law aimed at keeping indecent materials away from minors on the Internet.

A federal appeals court in Philadelphia earlier this month blocked enforcement of the Internet indecency law, ruling that it violates free-speech rights.

The ruling on the cable indecency law drew swift praise from a lawyer who represented public-access cable producers who challenged the law.

"It's a sweeping victory for legitimate First Amendment expression," said Michael Greenberger. "The court clearly made Congress think carefully about the way it tries to control what is called indecency over cable TV."

The decision "makes clear that Congress can only deal with things that concern hard-core pornography," Mr. Greenberger said. "Any attempt to give sweeping regulatory control for censorship has been struck down."

In both the cable TV and Internet cases, defenders of free and diverse speech have been pitted against children's advocates concerned about what minors see on television or computer communications networks.

Unlike obscene material, indecent material is protected by the constitution's free-speech guarantees. Opponents of the law argued that programs on AIDS, abortion and child birth could be banned or blocked as indecent.

The provisions, added to the cable legislation by Senator Jesse Helms, Republican of North Carolina, just before its passage, do not apply to commercial cable channels such as MTV and HBO.

Friday's decision is sure to be studied closely by those enmeshed in a dispute over the Telecommunications Act of 1996, which was signed into law by President Bill Clinton in February.

That law would make it harder to send indecent material over the Internet if there is a possibility it would be seen by children.

In another ruling that is expected to speed the pace of executions, the Supreme Court upheld a key part of a new law sharply restricting federal appeals by death row inmates and other state prisoners.

But the court, voting unanimously in a Georgia death row inmate's case, ruled that Congress failed to achieve its goal of trying to limit state prisoners to one appeal in federal court.

The ruling should quickly end what has amounted to a moratorium on executions in effect across the United States since early May, when the court agreed to study the case. Only two death row inmates have been put to death since then, and both men chose to call off their appeals.

Tough-on-crime politics and frustration with the speed of executions sparked Congress to pass the law and Mr. Clinton to sign it.

But the justices said Friday that state prison inmates were still free to file any number of appeals directly with the Supreme Court.

However, that route is perilous. The justices acted with unusual speed in the Georgia case and rejected Ellis Wayne Felker's appeal. Attorney General Michael Bowers of Georgia said Friday he expects Mr. Felker to be executed in about six weeks.

Away From Politics

• **The American Medical Association** has voted to support mandatory AIDS testing for pregnant women and newborns. The association's House of Delegates changed its position in a 185-to-181 vote in Chicago, acting on evidence that the drug AZT dramatically reduces a woman's risk of passing the AIDS virus to the fetus. *(AP)*

• **O. J. Simpson** hosted 300 guests at an anti-violence fund-raiser at his estate in Los Angeles as protesters gathered outside. Women's groups denounced it as a cynical attempt to rebuild his image. *(AP)*

• **A gunshot and firecrackers** set off panic among 15,000 people packed into an overcrowded plaza for a free outdoor rap concert in New York. Thirty people were injured as they fled the concert in Harlem, which was intended to promote peace, unity and voter registration. *(AP)*

• **Theodore Kaczynski** was named as the defendant in three more "Unabomber" attacks, bringing to seven the number of bombings for which he has been charged. *(AP)*

Clinton Aide Alleged to Hide Funds

By Stephen Labaton
New York Times Service

LITTLE ROCK, Arkansas — The prosecution's main witness in the second Whitewater trial has testified that Bruce Lindsey, a top Clinton aide, insisted that large cash withdrawals by the 1990 Clinton campaign for governor be illegally concealed.

The witness, Neal Ainley, the former president of a rural Arkansas bank that helped to finance the campaign, said that Mr. Lindsey, the campaign treasurer, directed him not to file a report on the withdrawals after Mr. Ainley told him that one was required and rejected his suggestions for other ways to handle the transaction.

Mr. Lindsey, who has long been one of President Bill Clinton's closest aides, is now deputy White House counsel, although his job title does not even begin to reflect his role in the Clinton administration.

For years, he has handled many of the most politically sensitive issues for the Clintons, including questions about the Whitewater land venture and accusations of marital infidelities by Mr. Clinton.

On Thursday, Mr. Ainley described Mr. Lindsey as central to a scheme involving two owners of the Perry County Bank, Herby Branscum Jr. and Robert H. Hill, to hide large cash payments to Mr. Clinton's 1990 campaign on the Fridays before the primary and general elections.

Mr. Branscum and Mr. Hill have been charged in an 11-count indictment with concealing large campaign contributions, using their relatives to launder contributions to Clinton campaigns, and reimbursing themselves for those contributions by illegally taking money from the bank.

Mr. Ainley described a sequence of transactions between the small bank and the campaign.

Shortly before the primary election in May 1990, the campaign deposited $160,000 into the account that was provided by the bank from two loans it had issued to the Clintons personally. Soon after that, Mr. Ainley said, Mr. Lindsey told him not to file a disclosure statement with the Internal Revenue Service when the campaign withdrew $30,000 in large and small bills from its account at the bank.

"He told me he needed $30,000, preferably in 100-dollar bills and asked whether we needed to file" a currency transaction report, Mr. Ainley said, referring to the form that the Internal Revenue Service requires for all transactions exceeding $10,000. The requirement is intended to detect and discourage money laundering and tax evasion.

In response, Mr. Ainley said that he suggested to Mr. Lindsey that he try going to four banks in Little Rock and cash different campaign checks to avoid having to report the transaction, but said that Mr. Lindsey vetoed the id Mr. Ainley said Mr. Lindsey then c cided to write four checks for $7,5 each.

Mr. Ainley said that Mr. Lindsey al was aware in November of that year th a filing would not be made when t campaign withdrew $22,500 in ca shortly before the election.

Mr. Ainley said that after anoth bank officer had filled out an IRS for he went to the mail room and got it o giving it a week later to Mr. Hill, who said, "put it in his jacket pocket a smiled."

Mr. Lindsey, along with Mr. Ainle have been listed as unindicted co-co spirators in the trial, which was brou by prosecutors from the Whitewater i dependent counsel's office.

Mr. Lindsey has repeatedly denie making any request about the currenc transaction reports to Mr. Ainley anyone else.

He has said he broke down the Ma withdrawal into four smaller checks order to reduce the possibility that t transaction would be disclosed to polit ical opponents.

Allen Snyder, Mr. Lindsey's lawyer traveled Thursday from Washington t Little Rock to listen to the testimony. H said afterward that the testimony ha been "a malicious fantasy invented b someone desperate for a deal" with th Whitewater counsel's office.

POLITICAL NOTES

Dole Forgets to Swing At a Softball Question

NEW YORK — The stage was set for Bob Dole to make some news. A group of reporters was invited into St. Patrick's Cathedral, where Mr. Dole was paying a courtesy call on Cardinal John O'Connor. As the cameras rolled during a brief photo opportunity, an Associated Press reporter asked Mr. Dole if he had any message for Catholic voters — about as blessed a question as any candidate can hope to receive.

"No, I'm just here to visit," he said. "I've visited the cardinal before. He's a friend of my wife Elizabeth." The reporters dutifully scribbled it down, looking slightly puzzled.

Mr. Dole was shut out again on the network news that night, except for a brief comment on NBC in response to the terrorist bombing in Saudi Arabia. In fact, since Mr. Dole resigned from the Senate this month, his Republican presidential campaign has received little coverage from the networks.

Mr. Dole told a voter in Georgia recently that his philosophy toward reporters is "feed them a lot and don't tell 'em anything."

Every candidate must strike a balance between providing access to reporters and sticking to his message. But with Mr. Dole's tendency toward rambling speeches and shorthand answers, he sometimes leaves reporters puzzled as to what his message is.

Barbara Cochran, political director at CBS, said Mr. Dole's activities "haven't had a lot of news content to them."

"By and large," she added, "there have not been a lot of opportunities to do a story based on the speeches that he's making. It seems to me they've geared these appearances more toward making news in the local market." *(WP)*

Perot Party on 20 Ballots

NEW YORK — Ross Perot's Reform Party has extended its reach to 20 states after Arizona granted it a place on the 1996 presidential ballot and leaders of New York state's Independence Party announced that they had joined forces with Mr. Perot's movement and planned to lend it their top spot on the Nov. 5 ballot. *(NYT)*

Clinton Aide Takes 5th

WASHINGTON — The army civilian employee who gathered FBI background files on Republicans at the White House informed a Senate committee Friday that he would not answer questions, invoking his constitutional right not to incriminate himself.

The decision by Anthony Marceca to take the Fifth Amendment in testimony before the Judiciary Committee came just two days after he made no such claim and testified freely at a House hearing into the FBI files mishap.

Mr. Marceca did not appear for Friday's hearings. But the committee chairman, Orrin Hatch, Republican of Utah, read a letter from Mr. Marceca's lawyers announcing his decision.

There was no immediate explanation for Mr. Marceca's abrupt turnabout. In addition to the congressional probes, the Whitewater prosecutor, Kenneth Starr, has been given permission by a court to determine if any crimes were committed in the FBI files case.

Mr. Marceca and his supervisor at the White House, Craig Livingstone, a former security chief, have both testified that Mr. Marceca mistakenly used an outdated Secret Service list in requesting and obtaining from the FBI hundreds of background files on former employees of the Reagan and Bush administrations. *(AP)*

Quote/Unquote

Hillary Rodham Clinton, at the summit meeting in Lyon after being presented with a bouquet of a new variety of red roses named "Hillary" in her honor: "Can we have some of these for the White House Rose Garden? Then we can show them to everyone." *(AP)*

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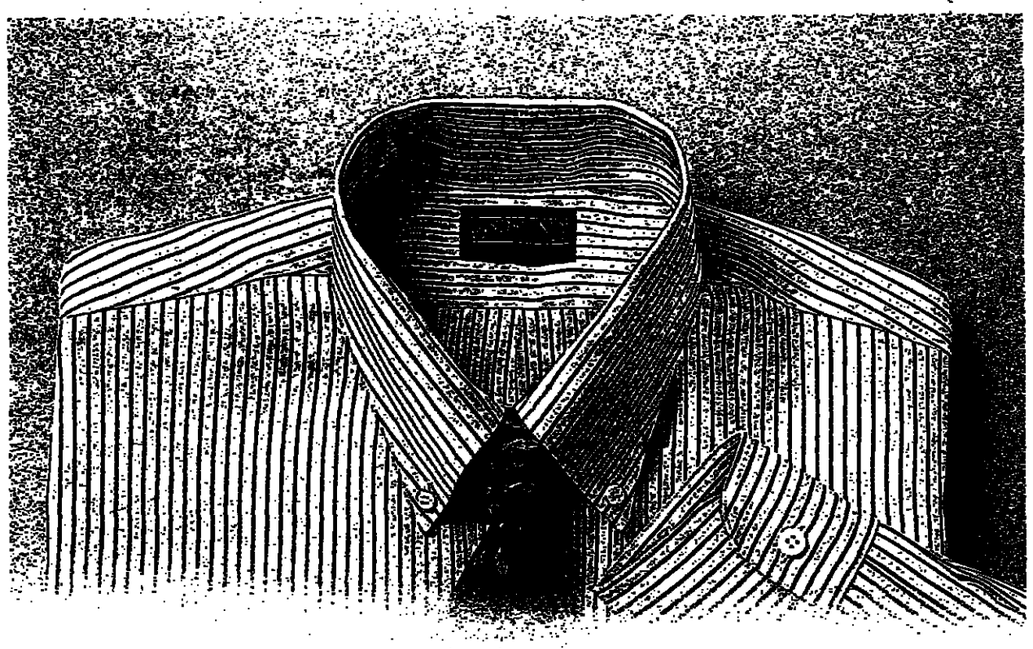

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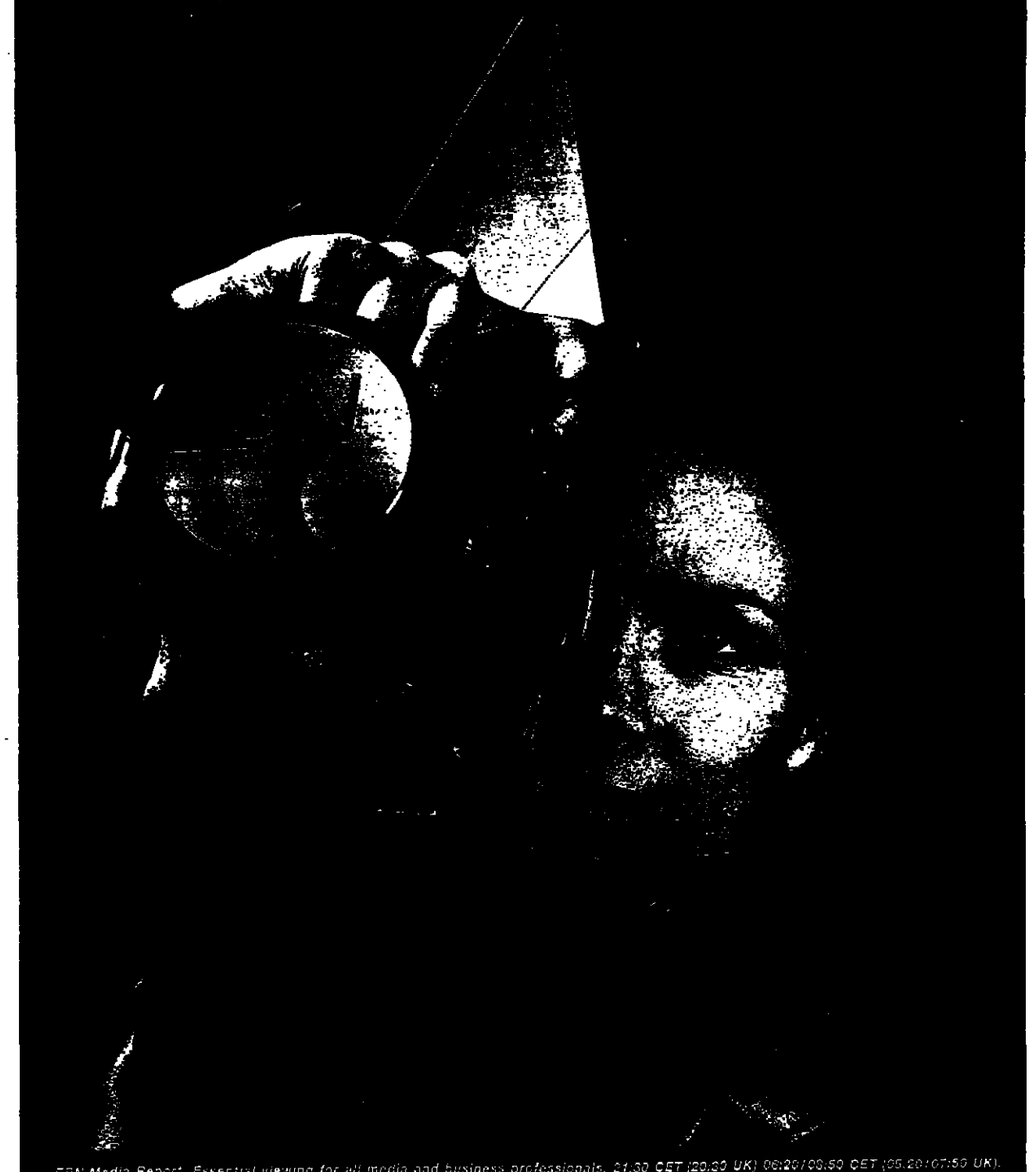

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Vietnam Edges Toward Change

In Cautious Shift, Aging Troika Will Lose Some Power

By Seth Mydans
New York Times Service

HANOI — Vietnam opened a votal Communist Party Congress Friday with indications that it ill avoid any dramatic changes as gropes toward a formula for a ore open, market-oriented eco-omy.

After weeks of backstage debate, senior Central Committee member lid Friday that the party had de-ded to keep in place its elderly oika of top leaders, though with iminished responsibilities and ortened terms of office.

In an interview, the Central Com-ittee member, Do Phuong, who is irector-general of the Vietnam ews Agency, said there would be o reversal of the country's policy f *doi moi*, or economic liberaliz-tion, that has brought dramatic rowth rates of more than 8 percent year for the past five years.

But in the continuing tug of war etween firm party control and the ough and tumble of a free market, e said Vietnam would continue to xercise caution and pragmatism.

"We don't have aspirations to be n economic tiger," he said. "We want to have stable, steady targets hat we can fulfill. We are not ex-tremists. We will see the reality in the future, and on the way forward if we see measures that are better, we will try to take them."

This careful approach has aroused concern among some international analysts who have become frustrated by the country's ambivalence, its maddening, multilevel bureaucracy, its corruption and its lack of a reliable legal system.

"Vietnam's reforms, begun with a bang, are turning into whimpers," warns a forthcoming book by the Harvard Institute for International Development entitled "Transition Under Threat."

The three men who Mr. Phuong said would remain at the top "for the time being" have been largely responsible for the pace of reform so far — the Communist Party general secretary, Do Muoi, 79; President Le Duc Anh, 75, and Prime Minister Vo Van Kiet, 73.

"But they will not remain with their full formal responsibilities for their full terms of five years," Mr. Phuong said. "After several discussions we came to a final result: They will transfer their work regularly so there will be no instability."

He said they might retain their posts for another year or two and that the election of a new National Assembly next year could provide a context for at least some changes in the top posts.

Mr. Phuong gave no clue as to who might eventually succeed them, saying only: "We have some younger new members who could replace these leaders immediately, but we don't want people to misunderstand. People might be shocked with a sudden change of leaders. It might seem to others that there is a coup d'état."

Nevertheless, he said it was important that a younger generation move into power, and he added that while the average age of the current 170-member Central Committee is 65, the average age of the new Committee to be named at this Congress would be between 52 and 55.

The retention of the top three officials is a signal that reform will continue, said Thomas J. Vallely, director of the Indochina Program at Harvard University, in a telephone interview.

"They are still struggling with the pace of change and I think keeping the existing leadership in place might make it easier rather than harder," he said. "All three have basic reform instincts and all three are trying to get the political apparatus to follow a more market-oriented economy."

Mr. Kiet, a southerner, is seen as advocating privatization and efficiency and the predominance of law over ideology. Mr. Anh, a retired general from the central region, appears to be a voice for the continued dominance of the military and the party. Mr. Muoi, a northerner, is viewed by political analysts as taking a middle road.

Hoang Dinh Nam/Agence France-Presse

General Secretary Do Muoi, left, President Le Duc Anh, right, and other Vietnamese officials leaving Ho Chi Minh's tomb Friday before attending the opening of the Communist Party congress.

BRIEFLY ASIA

Seoul to Buy U.S. Spy Planes

SEOUL — South Korea will buy U.S.-made spy planes and deploy them beginning in 2000 as part of its efforts to improve its intelligence gathering ability.

South Korea now depends almost entirely on the United States for radar and satellite intelligence on North Korea.

In recent years, Seoul has been trying to increase its independence.

In a statement Friday, the government said the project "will greatly enhance our independent intelligence gathering capability."

The government identified the planes as Hawk-800XPs, made by Raytheon Co. in Lexington, Massachusetts. It said the purchase is worth $461 million, but refused to disclose the number of planes to be acquired. *(AP)*

India Communists Make History

NEW DELHI — Communists entered the Indian cabinet Friday for the first time since independence in 1947, but they were not seen as swaying the government of Prime Minister H. D. Deve Gowda from its center-left path.

Two members of the Communist Party of India were sworn in by President Shankar Dayal Sharma as part of an expansion of the month-old government.

Two Communist Party members, Indrajit Gupta and Chaturanan Mishra, joined three others — one representative each from the socialist Janata Dal party, the socialist Samajwadi Party and the regional Asom Gana Parishad party — as full cabinet ministers.

Their portfolios were to be announced later. *(Reuters)*

Opposition Protests in Jakarta

JAKARTA — About 1,000 supporters of the Indonesian opposition leader carried out a protest Friday against a faction in the party congress that had ousted her.

The Indonesia Democratic Party protesters raised slogans like "Long Live Megawati. Long Live PDI!" They were speaking out against Surjadi, deputy speaker of Parliament, who was elected by the government-backed party congress to replace the dissident leader, Megawati Sukarnoputri.

The protest caused traffic chaos in central Jakarta after the demonstrators left the Parliament in a convoy of cars and motorcycles and headed through Jakarta's main business district on a seven-kilometer (4.5-mile) route to party headquarters. There were no reports of arrests or violence. *(Reuters)*

Mongolia Rulers Secure in Vote

ULAN BATOR, Mongolia — Mongolia's governing party is likely to keep its parliamentary majority in elections Sunday, although opposition parties could end up with one-third of the seats in the Great Hural, officials said Friday.

"We will win 55 to 60 seats," said an official with the governing Mongolian People's Revolutionary Party.

That would ensure that the former Communists retain control of the 76-seat Great Hural, or Parliament, but with a reduced majority from the commanding 70 seats they won in the 1992 elections.

When asked how many seats her Democratic Union coalition expected to win, the opposition candidate Hashbat Hulan said, "More than 20."

The election will be Mongolia's second since a peaceful revolution shattered nearly 70 years of Communist rule in 1990. *(Reuters)*

SUMO: *Japan's National Sport Wrestles With Outsized Scandal*

Continued from Page 1

imperial succession was decided by a sumo match. If there is any cranny of life that is expected to be absolutely honorable and clean, it is sumo.

But then came Onaruto, a 53-year-old former wrestler who had run a training stable for young wrestlers. He wrote a scathing indictment on sumo morals: games were sometimes rigged, wrestlers indulged in drugs and sex orgies, they often dined with gangsters and evaded taxes.

He gave several examples, citing names and specific instances of what he said were cases of wrestlers throwing matches for a fee to help fellow wrestlers from losing their rank and getting a pay cut.

Onaruto and Mr. Hashimoto soon became the focus of an uproar among sumo wrestlers and their fans. They agreed to speak to the Foreign Correspondents Club in Tokyo about their accusations, but before the appearance before the press they died.

"It's really sad," said Bunbuku Katsura, a 43-year-old sumo fan who has offered financial support to one of Onaruto's wrestlers in the past. "I want the Sumo Association to settle the matter soon. I want the fight to be taken on only in the ring. Sumo fans don't feel good about it."

Other fans are a bit more philosophical.

"Sumo is entertainment, an event and not purely a sport," said Minobu Shiozawa, a commentator on publishing and a fan of sumo.

"Like Kabuki, Sumo has some theatrical rituals like the special entrance to the ring, stamping on the ring, and wearing a *mage*," he said, referring to the bun hairstyle.

"So if you only look at the winner or loser, is no fun at all," he added. "The fun lies in the culture of it."

The Shukan Post, the tabloid weekly that published the articles by Onaruto before they were collected into a book, is being sued for libel by the Sumo Association. It says it stands by the stories.

The Sumo Association denies any systematic wrongdoing in the sport, but it does not seem to rule out the possibility of occasional misconduct.

"Like any other sport, the Sumo Association cannot watch wrestlers 24 hours a day, and if you ask us whether we can prove 100 percent that similar things never existed 30 years ago, it's impossible," said Keiji Isaji, the lawyer for the Sumo Association. "But we have done our best to investigate the matter and have come to the conclusion that they don't exist."

But to Kiyonari Hashimoto, second son of Mr. Hashimoto, the world of sumo wrestling is in a mess. After his father died, he spoke angrily in public about sumo and received dozens of angry phone calls — some threatening his life.

"When you learn about the inner workings of sumo, it becomes too idiotic to watch," he said. "From my point of view, they are just fat guys without academic backgrounds."

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29-6-96

BOOKS

OMON RA

By Victor Pelevin. Translated by Andrew Bromfield. 154 pages. $21. Farrar, Straus & Giroux.

Reviewed by
Richard Bernstein

THE dust jacket on this satirical novel proclaims Viktor Pelevin to be the leading Russian novelist of the post-glasnost era — post-glasnost referring presumably to the time after the fall of Mikhail Gorbachev.

Pelevin is certainly an unusual and strange writer, one with the kind of mordant, astringent turn of mind that in the pre-glasnost era landed writers in psychiatric hospitals or exile.

"Omon Ra," a spoof of the Soviet space program and the first of Pelevin's novels to be translated into English, is not always on target, but when it is, which is quite often, it is wicked, clever and poetic.

Omon Ra is the code name of a Soviet cosmonaut whose real name is Omon Krizomazov. "Everything I remember from childhood is linked in one way or another with a dream of the sky," says Omon. The motherless son of a drunken policeman, Omon is adrift in the casually soulless world of the Soviet Union, his dream of going to the moon seemingly realizable when he is able to join a space training program.

But what starts out looking like a kind of "Right Stuff" Soviet style soon turns into a nightmare.

"Omon Ra" at its best is like a cross between Kafka's bloodcurdling "In the Penal Colony" and one of the humorist Vladimir Voinovich's hilarious sendups of Soviet bureaucratic life — say, "The Life and Extraordinary Adventures of Private Ivan Chonkin."

Omon is chosen to be a cosmonaut, which means that he will, of course, be a Hero of the Soviet Union. As part of the selection process, he is interviewed by a committee, including "a little old man with a jagged scar on his forehead, dressed in worn overalls."

The man, who is addressed as Comrade Flight Leader, asks what Omon would do "if your Motherland requires you to lay down your life?" And that is what Omon is expected to do, since the Soviet space program lacks the American-style technology to send spacemen aloft and also bring them back alive.

Satire works by deforming a world and through that deformation producing a shock of recognition. Pelevin in this sense does not so much ridicule Soviet life as expose its chief characteristics via a ruthless lampooning of the Soviet Union's proudest accomplishment, its space program.

Omon never really does get into space, but he thinks he is there, and this prompts some reflections that are both pastoral and saturated with Pelevin's harsh vision. All of his life, Omon says, he has dreamed of the moment when he would soar, "and now here I am hanging in brilliant blackness on the invisible threads of fate and trajectory."

But Omon sees "that becoming a heavenly body is not much different from serving a life sentence in a prison carriage that travels round and round a circular railway line without ever stopping."

Not all of "Omon Ra" operates at that level of either poetry or satire. Pelevin's gags can be wearisome, overworked, perhaps a bit lost in cultural translation (though the translation by Andrew Bromfield seems spotless).

Still, Pelevin, who is 36, has a freshly jaundiced vision of a distorted world, and in this sense his book is a noteworthy and utterly unintended product of the defunct Soviet Union's striving for grandeur.

Richard Bernstein is on the staff of The New York Times.

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Blast Rattles American Residents

Even in Plush Saudi Compounds, Tensions Start to Grow

IHT: June 29-30, 96

By Steven Erlanger
New York Times Service

DHAHRAN, Saudi Arabia — When the enormous bomb went off Tuesday night about 10 P.M., killing 19 American servicemen, Ruth Rosser was making dessert for her husband, Tom. He had worked late at the Saudi company that employs him and provides his housing, in a foreigners' residential compound less than half a mile northeast of the explosion.

"There was a big boom, a tremendous, indescribable sound, and glass was coming down like rain, we could hear it coming down," said Mrs. Rosser, 62, still full of wonder.

"It's amazing no one here was hurt," she said. "But it makes me much more unsettled. The American Consulate puts out warnings, and we knew there could be threats, but you think it won't happen here, it won't happen to me. But then it happens and you become much more aware of your surroundings, and more uncomfortable."

But after discussion with her husband, the Rossers intend to stay here, where the job and pay are excellent, amenities superb, European vacations are common — "unless we're ordered to leave, or there are a couple more bombs near us," she said.

But some of the 35,000 or so civilian Americans living in Saudi Arabia — 20,000 of them around Dhahran — are more jittery than the Rossers, especially families with young children. These civilians say that in the last few months, they have noticed a significant increase in formality, distance and even hostility toward them among Saudi shopkeepers, especially toward Western women shopping together, even if they are extremely conservatively dressed, as they must be in Saudi society.

Dianne Steen has lived in Saudi Arabia for 19 years with her husband, who works for Aramco, the huge oil company that employs thousands of Americans, and her three children were all born here. "There's a lot more hostility toward Westerners now," she said, describing how, two months ago, she and a small group of women, all wearing hats and loose, long clothing, were not served at a shop in Thuqbah, the old section of Al Khobar, where the military base is.

Later, she said, in nearby Dammam, the first five shopkeepers along the main row of shops "wouldn't even acknowledge us, even though we spoke in Arabic." She paused. "That really hurt my feelings — I never, ever had that," she said.

Mrs. Steen thinks the change, based in an increasingly open religious conservatism, has essentially political roots. "They don't know which way the wind is going to blow. If there's a coup and the king is thrown out, they might suffer for having served Western women."

Though very knowledgable about Saudi Arabia and respectful of its customs, she described numerous run-ins with the *mutawi*, the religious police, who roam Saudi Arabia looking for violations of cultural and religious standards, including inappropriate dress, restaurants or shops open during the period for prayer five times a day, women smoking in public, women driving automobiles, women in public with men not their husbands or brothers, and women who catch men's eyes.

Some American women, like Ann Nahikian, 37, who has been here a few months after two years in Kuwait, choose to wear the traditional Saudi *abaya*, or black shawl, in public, to avoid problems. "It's their custom and I don't care," she said.

Others, like Mrs. Steen and Mrs. Gay, dress conservatively but refuse to wear the abaya. "It's a measure of oppression to me," Mrs. Steen said.

A Western diplomat confirmed the trend toward growing religious conservatism, which is caused both by more grassroots religious fervor and the effort of the ruling family, whose legitimacy derives from their custodianship of Islam's holiest shrines at Mecca and Medina, to deflect serious criticism from Islamic fundamentalists.

All the Americans interviewed live on company compounds, walled to keep Western mores and dress codes inside, hidden from the society at large. They are really walled, gated villages of varying sizes, with extremely comfortable townhouses or single houses for families, with gardens, pools, tennis courts, gyms and other recreation facilities, and sometimes shops. They also have careful security, with all visitors checked and guards walking around.

Behind the walls, Westerners act and dress much as they please, wearing shorts or even bikinis at the pool, and it is common knowledge that in this market economy, alcohol, though banned, is available. But all the compounds provide busses to town for women without drivers and whose husbands are at work.

Some U.S. Missions Over Iraq Are Halted

Agence France-Presse

AL KHOBAR, Saudi Arabia — The U.S. Air Force briefly suspended its flights monitoring a "no fly" zone over southern Iraq from its base in eastern Saudi Arabia after a deadly truck bombing at the compound, an American military official said Friday.

The official, Major Jim Stratford, said that the flights were suspended after the explosion late Tuesday at the King Abdulaziz Air Base on the Gulf coast that killed 19 U.S. Air Force personnel.

But he said flights from other bases and aircraft carriers were monitoring the zone over southern Iraq, set up in August 1993 by the United States, France and Britain to protect Kurdish refugees. Normal missions were to resume at the Saudi base during the weekend.

Israeli Aide Meets Arafat

Encounter Is Netanyahu Government's First

Compiled by Our Staff From Dispatches

JERUSALEM — Prime Minister Benjamin Netanyahu's top policy adviser met overnight with Yasser Arafat in the new, hard-line government's first meeting with the Palestinian leader, officials said Friday.

The adviser, Dore Gold, met Mr. Arafat at his Gaza City house Thursday evening. The meeting, arranged secretly, was reminiscent of the early days of dialogue with Israel's previous Labor-led government, which ultimately led to self-rule agreements with Mr. Arafat's Palestine Liberation Organization.

An Arafat spokesman, Nabil Abu Irdeineh, said Friday that Mr. Gold had delivered a letter from Mr. Netanyahu to Mr. Arafat, but he did not disclose the contents.

While he called the encounter part of an Israeli-Palestinian "dialogue," the Israeli cabinet secretary, Danny Naveh, said the main message of the meeting was that Israel expected Mr. Arafat's Palestinian Authority to fight terrorism.

"It is clear to the entire world today that this dialogue is taking place on a different diplomatic basis," Mr. Naveh said. "This is a different government with a different policy."

Mr. Netanyahu, elected a month ago on a promise to take a hard line in negotiations with Palestinians, has resisted meeting Mr. Arafat, reversing three years of face-to-face talks with Mr. Arafat by his predecessors, Yitzhak Rabin and Shimon Peres.

Mr. Netanyahu has said he would sit down with the Palestinian leader only if he considered it vital to Israel's security.

Science Minister Binyamin Begin, one of the harshest critics of the Israel-PLO autonomy accords, denounced the meeting Friday at a cabinet session. In response, Mr. Netanyahu said he had promised voters to continue the dialogue with the Palestinians.

In an interview published Friday, Mr. Netanyahu blamed Iran and Syria for backing terrorism against Israel and said he would seek to step up international pressure against them.

"We are witness now to a clear attempt by both Iran and Syria to increase terror attacks against us," Mr. Netanyahu said in the newspaper Ma'ariv. "We are under ceaseless attack."

Mr. Netanyahu said he would take "political steps" to combat terrorism, saying, "The concept that fighting terror is principally a military effort in which you act against the terrorists themselves is a mistaken one."

The solution is "to consolidate an understanding with the United States and to enact an international policy," Mr. Netanyahu said. The international conference on terrorism in Sharm el-Sheikh, Egypt, in March was a beginning, he added. "Now we have to give it teeth," he said.

Mr. Netanyahu's comments were part of an escalating war of words between his hard-line government and Damascus. *(AP, Reuters)*

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A Ruling for Women

The Supreme Court's ruling this past week that the Virginia Military Institute could not refuse to admit women and remain a publicly funded institution did not come as much of a surprise, given the cool reception the policy of exclusion received from the justices at a January hearing. What could not be fully anticipated, however, was the powerful eloquence and bold sweep of the majority opinion written by Justice Ruth Bader Ginsburg and signed by five other justices. In what is sure to be remembered as one of this term's high points, Justice Ginsburg methodically rejected the stereotypes about women used by state officials — and even more inexcusably by appellate-level federal judges — to justify denying women an important educational opportunity.

A U.S. court of appeals panel in Richmond last year approved Virginia's revival of the "separate but equal" doctrine discarded long ago as a remedy for racial injustice. The panel agreed that Virginia could deny women VMI's rugged military program so long as the state offered a "sufficiently comparable" regimen of drills and military courses at nearby Mary Baldwin College. That ignored the value of VMI's strong alumni network and the prestige of a VMI degree.

Noting the spartan nature of barracks life at VMI and the legendary brutality of its "rat line," in which older cadets harass freshmen students, the judges said that to allow women to enroll there would "destroy" VMI's special character and "any sense of decency that still permeates the relationship between the sexes."

Happily, this retrograde approach did not sit well with Justice Ginsburg, a women's rights pioneer who, while still a private lawyer, successfully argued many of the cases cited as precedent in her opinion. Chief Justice William Rehnquist filed a separate opinion concurring in the result, with Justice Antonin Scalia contributing a lone dissent.

In the majority opinion, Justice Ginsburg said concerns about the destructive impact of placing men and women together at VMI reflected the same "ancient and familiar fear" that once kept women out of the law and other professions. Realistically, a VMI education may not be the right choice for most women, she noted, but Virginia would not argue it is suitable for most men either. "Women seeking and fit for a VMI-quality education," she wrote, "cannot be offered anything less under the state's obligation to afford them genuinely equal protection."

The decision stopped short of saying that official distinctions on the basis of sex should be held to the same "strict scrutiny" that courts apply in cases of race discrimination. But the court applied, with refreshing force, an intermediate standard of "skeptical scrutiny" under which the state must demonstrate an "exceedingly persuasive justification" for any official actions that treat women differently. The result is a valuable new warning against sex discrimination.

— THE NEW YORK TIMES.

Campaign Finance

Trying to regulate the collection and expenditure of political campaign funds is frustrating. You may be able to stop the flow in the exact spot you're focusing on, but the pressure builds inexorably and sooner or later an opening appears somewhere down the line where it wasn't expected. Federal laws and regulations, which were supposed to ensure both disclosure and limits on political gifts and spending, are being circumvented by strategies including the use of soft money and the encouragement of independent spending by groups, including political parties. An illustration of the latter appeared in The Washington Post Tuesday in Bob Woodward's account of White House direction of a television ad campaign for the president financed by the Democratic National Committee. It's safe to assume the Republicans are or will be doing something similar for Bob Dole.

On Wednesday the Supreme Court ruled in a campaign finance case from Colorado that expenditures made by the Republican Party there were truly independent, made without coordination with any candidate and thus protected by the First Amendment from government regulation. Seven justices agreed with the result, but four of them would have gone further and lifted all spending restrictions on parties. Justice Clarence Thomas also urged a reconsideration of all the court's precedents in this area. Only Justices John Paul Stevens and Ruth Bader Ginsburg offered unconditional support for broad regulation consistent with the First Amendment.

Supporters of campaign spending limits emphasize the narrow impact of the holding and maintain that stronger regulation and better enforcement can bring about needed reform. The difficulty now is that Congress is not inclined to strengthen the law, and the court appears to be within a single vote of weakening, on First Amendment grounds, what now is on the books.

It is surely a worthy objective to root out the corruption big money brings to the electoral process and to reduce the level of spending — now bordering on insane — that candidates are required to meet. But the government must walk a fine line in doing so. Overregulation chills core political speech. And effective policing that requires constant attention to new evasive tactics designed to funnel money without technically breaking the law is extremely difficult. This past week's decision addressed only one small aspect of this effort, but it provides a snapshot of where the justices stand and a forecast of the direction in which they're heading.

— THE WASHINGTON POST.

Choo-Choo

At about this time in every Congress, the hunt begins for locomotives. With not that many legislative weeks left to go, members look around for a big bill steaming to passage on the back of which it may be possible to hook a token of election-year esteem for the folks back home. This year, however, the normal engines aren't available.

There's not going to be an omnibus reconciliation or deficit reduction bill, one of those telephone books in which it's possible to tuck almost anything. Word has gone out that the appropriations bills are to be kept relatively clean as well. Last year they were the vehicles for a lot of so-called riders whereby members sought to accomplish indirectly things that they couldn't achieve through the normal legislative process. The riders helped produce the government shutdowns that cost the Republicans at the polls; no more, their leaders say. Apparently there's not going to be a tax bill, either; those, too, are famous end-of-session vehicles.

But the ingenuity of legislative man knows no bounds. There's a parks bill now in conference between House and Senate; it has begun to make a chuffing sound. The Senate version is a lot of small projects, none particularly controversial, all of great importance back home. A low-cost bill with broad political appeal: what could be better?

The conferees are considering tacking onto that a grazing bill that passed the Senate but might have trouble in the House — and might have had trouble in the Senate, too, if members had thought it would ever get anywhere. It would give the livestock industry even greater control over public lands in the West than it already has. Critics say that under the current leasing system the industry is both subsidized and allowed to harm the lands, a double loss for the public, which they think the Senate bill would lock in place.

An effort to use the parks bill as a locomotive has already been made in the Senate. The Utah delegation tried to attach to the bill a provision meant to limit and weaken future wilderness designations in their state. A group of senators led by Bill Bradley of New Jersey objected, however, and the effort failed.

The current effort should likewise be deflected. The question is partly what the administration will do if confronted later in the year with the parks-plus legislation. Interior Secretary Bruce Babbitt and Agriculture Secretary Dan Glickman both have said they'll recommend a veto if the grazing provision is added. The Republicans, or some of them, figure they'll push it anyway; they get an issue if not a bill, and who knows what the president might decide to do if he found himself in a tightening race a lot closer to Election Day. What he ought to do is announce now that he won't play, and take the locomotive off the track.

— THE WASHINGTON POST.

International Herald Tribune
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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.
Tel.: (1) 41.43.93.00. Fax: Circ., (1) 41.43.92.10; Adv., (1) 41.43.92.12. E-Mail: iht@iht.com
Editor for Asia: Michael Richardson, 5 Canterbury Rd, Singapore 0511. Tel. (65) 472-7766. Fax: (65) 274-2334
Mng. Dir. Asia, Rolf D. Krumpuhl, 50 Gloucester Rd., Hong Kong. Tel. 852-2922-1188. Fax: 852-2922-1190
Gen. Mgr. Germany: T. Schlüter, Friedrichstr. 15, 60323 Frankfurt/M. Tel. (069) 72 67 55. Fax: (069) 72 73 10
Pres. U.S.: Michael Conroy, 850 Third Ave., New York, N.Y. 10022. Tel. (212) 752-3890. Fax: (212) 755-8785
U.K. Advertising Office: 63 Long Acre, London WC2. Tel. (171) 836-4802. Fax: (171) 240-2254
S.A. au capital de 1,200,000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337
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U.S. Troops in Saudi Arabia: An Incendiary Mix

By William Pfaff

PARIS — Tuesday's dreadfully successful attack on American military personnel in Saudi Arabia was foreseeable and unnecessary.

There will be more such attacks. Each must be expected to deepen America's engagement in Saudi Arabia. Each enlargement of the American presence, there and in neighboring states, will make matters worse.

FBI agents have been sent to Saudi Arabia to investigate the bombing. Greater CIA and FBI involvement in Saudi anti-terrorist intelligence and police operations will follow. American pressures on the Saudi government to adopt the policies Washington recommends will steadily increase.

All of this will be directed to suppressing the radical Islamic movement and strengthening (and, no doubt, "reforming") the Saudi government. It will all have exactly the opposite effect.

One can today say with reasonable confidence that within 15 years at most, if present American and Saudi Arabian policies are pursued, the Saudi monarchy will be overturned, and a radical and anti-American government will take power in Riyadh.

The Gulf War is likely in the future to be seen as the unnecessary victory that eventually led to America's expulsion from the Gulf and Arabian regions. It will be seen as having weakened the security of U.S. access to Arabian oil.

It will be understood as having accomplished this by providing Washington with the rationale for substituting a permanent American military presence on the Arabian Peninsula (there are 5,000 American troops today in Saudi Arabia) for what previously had been an extremely discreet diplomatic and commercial presence. This will be seen as having undermined the pro-American governments of the region and strengthened radical Islamic movements.

One would think this blatantly obvious. Does no one currently in power in Washington — or Riyadh — understand what happened in Vietnam in the 1960s, in Cambodia after the overthrow of Prince Sihanouk and in Iran in the 1970s?

In each place, a government confronted with internal political dissidence or insurrection was placed under a form of American protectorate, with increasingly intrusive and visible American involvement in its national affairs. In each case the supposed remedy worsened the situation, drained legitimacy from the aided government, strengthened the forces in opposition and eventually produced, or contributed to, exactly the outcome it was meant to prevent.

I can think of no place where this American policy has succeeded. A foreign power can promote and finance an insurrection or coup in another country, or reinforce one already under way. The United States has done so, wisely or otherwise, in Guatemala, Afghanistan, Chile, Greece and elsewhere.

However, a foreign power cannot put down another country's internal dissidence or rebellion, and its implication in such an effort is nearly always negative in effect. Least of all can it do this when, as in Saudi Arabia, the foreign power's existing presence and influence are major factors in provoking that unrest and terrorism. Surely this is obvious?

Recognition of the obvious is avoided in Washington by assigning responsibility for the unrest or insurrection to some foreign enemy of the United States. Only in Iran was this not done, and the Iranian revolution came out of the blue for Washington, prisoner of its own policy assumptions about the shah, which precluded considerations uncongenial to the policy commitment. Since then, every manifestation of Islamic fundamentalism has been held to be Iran's responsibility.

Palestinian activism and terrorism were for years blamed on Libya and Syria. The Viet Cong revolt in South Vietnam was blamed on China, alleged mastermind of a vast anti-Western uprising of the world's peasant societies. Nicaragua's fall to the Sandinistas, and Washington's other Central American difficulties, were blamed on Cuba. All could be solved if America could get at the source of the trouble — Beijing, Havana. In the first hours after Tuesday's attack near Dhahran, there were calls in Washington for "retaliation" against Iran.

The notion that these insurrectionary movements can all be blamed on the manipulations of a "rogue state" saves one the necessity to consider their domestic sources or cultural dimensions. This in turn spares America the need for a critical review of its own policies.

It justifies the intellectually and bureaucratically convenient course of going on doing what one already is doing and has always done. That this will fail, as it has always failed, does not seem to make any difference to the people who make and conduct American foreign policy. One would think, however, that it might make a difference to the people who make policy in Riyadh.

International Herald Tribune.
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America Must Beware a Failure of Nerve After the Attack

By Richard W. Murphy

NEW YORK — Tuesday's explosion at the military compound near Dhahran was an attack both on the Saudi regime and the United States.

This assault, combined with the one in Riyadh last November that killed five American military personnel, has driven it home to Washington that the Saudis' vaunted ability to control events within their borders has been exaggerated.

But today there is less danger of a failure of nerve in the Saudi royal family in reaction to the latest attack than there is in the United States.

In 1983, when America lost 241 servicemen in Beirut, President Ronald Reagan withdrew the largely symbolic force after having earlier cited its presence as defending a "vital U.S. national interest." This act of cutting and running haunted America's reputation for years among its friends in the Arab world, particularly in the Arabian Peninsula. This lasted until America liberated Kuwait in 1991.

Every president since Jimmy Carter has described American interests in Saudi Arabia and the Gulf as "vital," an overused adjective by American politicians, but one that aptly describes U.S. stakes in the region.

To date, the two terrorist incidents in Saudi Arabia have claimed the lives of 24 Americans — more than the number of U.S. soldiers who died in the Somalia attack that brought about America's speedy retreat from that country.

The administration will have to work hard to maintain public support for its military presence against challengers who assert that it is needlessly putting American lives "in harm's way."

The perpetrators of last November's attack in Riyadh said they had acted to expose the un-Islamic nature of the Saudi royal family and to oppose the presence of American forces in the kingdom.

The numbers, resources and backers of the militants are unknown but this does not appear to have unsettled the kingdom's leaders. They are confident that only a tiny number of their citizens would engage in such acts. But the probability of further terrorism against the regime and American personnel is great.

It is an inescapable consequence of the role America has assigned to itself as the principal guarantor of security and stability in the region.

The writer, a senior fellow at the Council on Foreign Relations, is a former American ambassador to Saudi Arabia and Syria. He contributed this comment to The New York Times.

Vietnamese Refugees Lose as U.S. Plan Founders on a Rule

By Shep Lowman

BANGKOK — A good and generous U.S. program for Vietnamese refugees is about to founder because of an arbitrary decision by the State Department's Bureau of Refugee Affairs, which implements the program.

For 20 years, Vietnamese "boat people" have made up the largest group of refugees coming to America. This is coming to an end, and the countries of Southeast Asia and Hong Kong are returning the remaining 30,000 refugees in their camps to Vietnam — by force if necessary.

With increased forcible returns, however, came increased violence in the camps, both by the refugees and by local military and police.

On April 22, the United States announced a program that would provide a follow-up to the international effort to empty the camps. This program — offering possible resettlement in the United States for certain refugees — would offer interviews with American immigration officers, but only after the refugees had returned to Vietnam.

The program had two purposes: to assist those refugees for whom the United States had a special concern, and to minimize to the greatest extent possible the violence accompanying the phasing-out of the camps.

It appeared to work. In late April and early May, Malaysia moved strongly to empty its camps. Many boat people signed up for the new U.S. program, and others were sent home without further incident.

In the meantime, however, a serious error was made by the new program's managers, who established an artificial deadline for registration.

The refugees were told to sign up by June 30 for voluntary return home or else lose the ability to qualify for the new U.S. program. The deadline has now come into effect with only about one-fourth of the camp population signed up. The rest of the refugees are ineligible, and most of the program's value may be lost.

The June 30 deadline was selected because it was the official end of the multilateral plan to wind down the refugee program. However, that date has no relationship to the purposes of the new program. Instead, it has brought the program to an end before the people in the camps understood the choices before them or had a reasonable opportunity to sign up.

The State Department's position is that it had to have an end date to the program. Deadlines have to be respected. The boat people had their chance and now the registration period is over.

The June 30 deadline didn't give the 'boat people' enough time to learn about the program.

In fact, the Vietnamese refugees were given very little information on how the program worked. After many years in the camps, hoping that one day they would be able to move to the United States, it was a very big step indeed to ask for repatriation to Vietnam in the hope that they would then meet the American program's criteria.

Not only were the refugees not given enough time or information to make a decision, but many important aspects of the program itself remain unclear because the State Department has not yet completed negotiations with the Vietnamese government on the plan.

There has been no contact with the Vietnamese-American community by the administration, despite the fact that the State Department has acknowledged the importance of that community as a channel for information to the camp populations.

After traveling to California to meet with Vietnamese-American community leaders and advocates, I reported to administration officials that many wanted the new initiative to work but were suspicious because no information had come to them from the administration. Still nothing has been done, and now the program is to be shut down.

The June 30 deadline is contrary to the administration's original goals for the program. Last month, 11 agencies that deal with migration and refugee affairs wrote to the State Department to reiterate their concerns about the deadline. They urged that the administration "remain flexible and take the necessary adjustments if the program appears to be achieving its goals but needs more time to fully realize its capabilities."

The new plan was a wise, generous and politically sound initiative. The Indochinese Refugee Program has been implemented over 20 years under five presidents. Three of those former presidents recently wrote to President Bill Clinton to encourage him to bring the program to a close in a humane and peaceful fashion. We should not let it die with only a fraction of its promise realized.

The writer, a deputy assistant secretary of state for Asian refugees in the Carter administration, contributed this comment to the International Herald Tribune.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

A Healthy 'Family Values' Debate

By E. J. Dionne Jr.

WASHINGTON — "I'm not worried that my kids will be the victims of crime," said the single mother of two and the holder of two jobs. "I'm worried that they'll commit crime."

That surprising comment, quoted last week by the House Democratic leader, Richard Gephardt, was one mother's way of summarizing a lot of different problems in one mouthful. She was saying that (1) she had to spend too much time working outside the home, so (2) didn't have enough time to raise her kids properly, (3) didn't trust the influences her kids would come under (from television and perhaps their own friends) and (4) felt responsible for the possibility that her kids would turn out wrong.

Welcome to the new "family values" debate of 1996. It's different from the old family values debate because this time, both political parties are playing hard to define its terms.

We can all be forgiven a certain skepticism. We know in advance that the rhetoric we'll hear comes straight from the polls and focus groups. We know in particular that President Bill Clinton's proposals on school uniforms, curfews, the V-chip and flexibility for parents in the workplace are targeted straight at a crucial swing constituency in this election: middle-class married couples, mostly in the suburbs, worried they're losing control over their kids' upbringing.

But none of this should be allowed to trivialize a debate that actually matters. What's involved is a struggle between two conceptions of what the "family values" issue really means. On the one side is the view championed mostly by Republicans that what's wrong with America's families was caused either by bad government programs or bad values that engulfed the culture during the 1960s.

On the other side are Democrats who argue that the problems with our American "values" are rooted in economic problems faced by families. In this view, the values of most parents are just fine, thank you. What is driving parents crazy is a lack of time with their children (because they have to work too much) and a sense that public institutions aren't giving them enough help. In an effort to wrap all this discontent together in one package, the Democrats this past week staked their battle to recapture Congress on a manifesto entitled "Families First."

Of course, partisans on either side of this debate inject their arguments with some subtlety. Republicans will acknowledge some role for government. They will talk a lot about the failure of the public authorities to control crime and also criticize the performance of the public schools.

Democrats know they'll be accused of thinking that government has all the answers. "People don't want big government solutions and they don't want empty promises," the Families First document asserts, more than a trifle defensively. In his speech on families this past week, the president went out of his way to sound like the Bill Bennett of "The Book of Virtues" and the war on Hollywood. Parents, said Mr. Clinton, worried that even if they teach their kids good values, "will something in the society, in the culture" change their child's life or destroy it?

Now here's the surprising possibility: This debate could be constructive. For years, "family values" has been rhetoric used to split the electorate. For Republicans, "family values" has been a way to cast the Democrats as advocates of an alien, permissive culture. Democrats charged that Republican talk about "family values" was a way of toeing the Christian Coalition line and trashing gays and single mothers.

This time, practical questions may be put on the table. Mr. Clinton's proposals on workplace flexibility and leave time for parents to go to teacher conferences may be modest, but they speak to a real problem. For their part, the Republicans could do the country a favor if they gave up refighting the '60s culture wars and instead promoted a real argument over the quality of public education.

My guess is that a redefined family values debate will advantage the Democrats. Republicans like the old debate just fine — it's easy to trash the television single mother Murphy Brown — and are reluctant to raise questions about how the economic system is disrupting families.

But whatever its partisan effects, the new debate is going to happen if only because voters are telling pollsters they want it to. A lot of Americans are worried, with that single mother, that we're creating a society in which kids are more likely to become criminals. Ought that not be a big part of the 1996 debate?

The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1896: Crete and Cuba

PARIS — [The Herald says in an Editorial:] There is much similarity between the insurrection of Crete and that of Cuba. If the Cretans succeed in maintaining as resolute a fight for the next three or four months as the Cubans have done, it will become the duty of the Great Powers to intervene to restore order, just as it may become the duty of civilized outsiders to do the same thing in Cuba. Here are two rebel islands governed, as their respective rebel inhabitants say, with a despotism and tyranny incompatible with their welfare and interests. Now why should not the Great Powers of the world decide the fate of these two wretched islands?

1921: Style Changes

BALTIMORE — Elias Livezey recently celebrated his 102nd birthday at his home in Catonsville, near Baltimore. The lifelong Quaker discussed modern styles of dress. "I think the styles are very pretty and short skirts are just fine," he said. "The only change I do regret is the passing of the old-fashioned type of home-maker. The women of my day certainly made better wives and they were a lot easier to get along with."

1946: Peace Decision

PARIS — James Byrnes, U.S. Secretary of State, served notice last night [June 28] on Vyacheslav Molotov, Soviet Foreign Minister, and other members of the Council of Foreign Ministers that he would insist on a decision as to whether there will be a peace conference this year. During a long meeting, at which almost nothing was agreed to, he made it clear that the U.S. was sick and tired of postponement, delay and confusion and wanted a decision.

World Leaders Endorse 40-Step Plan to Fight Crime and Terrorism

By David E. Sanger
New York Times Service

LYON — The leaders of the seven largest industrial nations and Russia endorsed on Friday a 40-point plan to combat crime and terrorism that would, if fully put into effect, give the police far freer reign to pursue criminals abroad.

The plan, released at the 22d annual summit meeting of the Group of Seven industrial leaders, would allow United States and other countries to post investigators on foreign soil and would require the seven allies to crack down on the import and export of firearms.

The initiative was already under development before the terrorist bombing that killed 19 members of the U.S. Air Force and wounded several hundred Americans, Saudis and Bangladeshis.

But President Bill Clinton, seizing the moment to bring along allies who have often been reluctant to agree on concrete steps that impinge on their national sovereignty, pressed to tighten some of the provisions and then repackaged them as anti-terrorist measures.

Some of the steps appeared aimed more at drug dealers and corrupt business executives than at terrorists. But U.S. officials pointed to requirements that nations coordinate prosecutions when crimes occur across borders, and that they "insure that criminals and terrorists are brought to justice and tried" even if extradition proves impossible.

The other members of the Group of Seven — Britain, France, Germany, Italy, Canada and Japan — are also bound to develop witness protection programs, much like the one used in the United States to give new identities to people who testify against organized crime groups.

While they were eager to portray the accord as major progress, U.S. officials conceded Friday that turning those general agreements into national laws and regulations would be a long struggle.

"These are countries that often can't agree on the rules for selling planes to China or moving lumber across borders," a senior Clinton administration official said Friday night. "We'd be fooling ourselves to think any of this will happen instantly. But it's a start."

An example of the complications over extradition was unfolding in Rome as the leaders gathered: Italy's constitutional court blocked the extradition to Florida of a 43-year old man wanted on charges of first-degree murder because he could face capital punishment. Italian law does not permit the death penalty. The anti-crime and anti-terrorism principles would require major changes in Italian and Russian laws, and major changes in common practices elsewhere. For example, the new rules call for all the G-7 nations to strengthen "laws to prevent bribery and extortion." While that sounds uncontroversial, until a few months ago German companies paying bribes abroad were permitted to deduct those payments from their taxes.

The most visible divisions in Lyon were over American efforts to force other countries to isolate Iran, Libya and Cuba and over strategies to relieve the world's poorest nations from their huge debt loads.

Paul J. Richards/Agence France-Presse
A sleepy-eyed Mr. Clinton taking a break early Friday at a café in Lyon's Old Town during a late-night stroll.

Analyze More And Spy Less, CIA Is Advised In New Report

By Tim Weiner
New York Times Service

WASHINGTON — American intelligence agencies devote too much time and money to supporting the military, and far too little to understanding the problems of peace, a new critique concludes.

The report, by 19 people from the worlds of espionage, diplomacy, the military, academia and business, says American intelligence "still has not yet come in from the cold" and is "ill-*prepared for the 21st century,*" in the words of the group's executive director, Allan Goodman, a dean at the Georgetown University School of Foreign Service and a former top administrator of the Central Intelligence Agency.

The CIA's military focus has kept the United States from devoting brainpower to diplomacy, the economy and other peacetime problems, the report said. It was made public Thursday by the Twentieth Century Fund, a nonpartisan organization based in New York that organized and paid for the study.

The report, one of four major studies published in recent months critiquing American intelligence, said the intelligence community had been increasingly dominated by the military in the years since the Cold War. This "alarming imbalance," said the report's chairman, former Ambassador Stephen Bosworth, has corroded the corps of American intelligence analysts in favor of spy satellites and other billion-dollar tools for stealing information abroad.

The result is an intelligence system that spends more than $26 billion a year on machines and less than $3 billion on people to analyze the information the machines collect.

While machines can steal secrets, only humans can unravel mysteries like the future course of China. For the cost of one of the least expensive spy satellites — several hundred million dollars — the cadres of American intelligence analysts could be substantially strengthened, the report argued.

The CIA's spies and their paramilitary culture have dominated the agency at the expense of analysts, said an author of the report, Gregory Treverton, a former U.S. intelligence analyst and a director at the Rand Corp. The culture of secrecy makes it harder for the agency's analysts to work abroad, Mr. Treverton said.

The report said the CIA's spies were responsible for "a long string of embarrassments" and called for a smaller, more specialized clandestine service. It said those spies should focus on a small number of nuclear nations, rogue states, terrorist groups and foes to America's forces overseas — and close up shop in less threatening countries.

A CIA spokesman, Mark Mansfield, said that while officials had not yet read the report, they valued "any serious study that looks at ways to further strengthen this nation's intelligence."

SAUDIS: *Dhahran Blast Derails the 2-Track Policy Toward West*

Continued from Page 1

have been insulated from the modern trends sweeping much of the Middle East, instead hearing the increasingly intense messages of alienation and fear emanating from the deeply conservative interior of the country.

But now the two-track approach is breaking down. Especially since the Gulf War of 1991, it has become harder and harder for the ruling family to keep its contradictory approaches to the West on separate planes.

Despite edicts extracted from religious authorities by the regime to sanction the presence of foreign troops as an "exceptional" measure, most of the religious establishment disapproved. A growing number have disapproved violently, leading to scores of arrests among eminent Saudi theologians since 1990 and the growth of an underground opposition that now hopes to bring down the Saudi regime.

"They hate the regime," said a senior Saudi official familiar with investigation of previous violent incidents. "To them, the Americans are a symbol of *everything they loathe: corruption,* joblessness, exclusion from decision-making, and this nurtured hatred of everything alien."

"But their real target, and the subject of their wrath, is the regime," he added.

The official, a liberal Saudi who asked for anonymity, explained at length what he and several other officials consider to be a "cancer that is growing."

Unrest has found fertile ground among tens of thousands of graduates of the multitude of recently established Saudi universities. Despite their degrees, most of them are semi-literate, their studies having been confined to Koranic subjects with a smattering of other knowledge.

Since the late 1980s, they have been *disgorged from schools unable to find* jobs in the Saudi private sector, which often uses foreign managers or Saudi graduates of American and European universities. Most cannot be absorbed, either, by Saudi government ministries. In the days of $40-a-barrel oil, the government used to give such graduates desks and salaries to do nothing.

Since then, oil prices have collapsed, Saudi coffers have been drained by the estimated $120 billion cost of the Gulf War, and the population has grown at a dizzying rate, encouraged by edicts from religious authorities to procreate. The average Saudi family comprises 6 to 10 children from each wife. As a result, the regime's promise of ever-growing wealth for all has broken down.

During much of the 1980s, Saudi religious radicals were given an immense boost by the government's participation in efforts to resist the Soviet invasion of Afghanistan. Indeed, hundreds of Saudis joined large numbers of militants from other Arab countries in the fighting there.

After the end of the Soviet occupation, hundreds have returned to Saudi Arabia and other countries to continue the struggle at home. Indeed, the four *men executed for November's Riyadh* bombing had all served in Afghanistan. Not much else is known about them except for two significant facts: They were Sunni Muslims from the Wahabi Islamic school that is the foundation of Saudi Arabia's religious scholarship. Wahabis, who deliver the most rigid interpretation of Islam, have been allied with the Saudi family since the inception of the modern kingdom a little more than 60 years ago. And, they were young, mostly unemployed and deeply fanatical about their religious belief.

All of which suggests they were not outsiders but a product of the very base of Saudi society.

SUMMIT: *A Gold Dispute Threatens Aid*

Continued from Page 1

gold."

U.S. officials said the debt relief plan would include three elements: a program of new debt write-offs for poor countries, the allocation of up to $2 billion of funds from the World Bank, and the use of IMF resources, including its gold reserves.

Going into the Lyon summit, both France and Germany had criticized the United States for not providing enough aid to developing countries.

On Friday, the G-7 leaders agreed on such generic concepts as working together for noninflationary growth, and they also welcomed "the broad movements in the major currencies since April 1995."

This was a reference to the G-7's desire last year for a stronger dollar, although the Lyon summit communiqué avoided making any statement more explicit than to call the trend in currencies "positive and promising."

The G-7 leaders had to paper over some differences on trade issues.

The communiqué expressed support *for the tackling of such issues as trade* and investment, trade and competition policy and new industrial tariff initiatives at the World Trade Organization's minister-level conference next December. But objections by Britain to a French-American proposal that the WTO address the question of links between trade and international labor standards resulted in this issue being played down.

Likewise, European criticism of U.S. legislation that would impose sanctions on companies doing business with Cuba, Iran or Libya resulted in a vaguely worded statement in which the G-7 nations promised to avoid "taking trade and investment measures that would be in contradiction with WTO rules."

Sir Leon Brittan, the European Union trade commissioner, claimed on Friday night that the G-7 communiqué language had given the United States "a sharp rap over the knuckles."

The G-7 leaders ended the economic part of their summit at lunch Friday and were then joined by Prime Minister Viktor S. Chernomyrdin of Russia for a discussion of environmental issues, drug trafficking, nuclear safety and terrorism.

'Tête de Veau' Falls Victim to Disease

The Associated Press

LYON — Three-star chefs on Friday proudly laid out the dishes for which they are famed, but anger simmered over one missing delicacy: the newly banned calf's head.

Prime Minister Alain Juppé banned *tête de veau* — a delicacy favored by President Jacques Chirac — because of worries over "mad cow" disease. "We'll eat it ourselves," said the celebrated chef Paul Bocuse.

RUSSIA: *Yeltsin to Take 'Short Rest'*

Continued from Page 1

eral previous campaign appearances.

Mr. Yeltsin's Communist Party rival, Gennadi A. Zyuganov, seized on the latest news of health trouble. "I said long ago that his state of health is far from the best and cannot be good considering that he spent five months last year in a hospital bed," said Mr. Zyuganov, 52. "You understand that at such an age, health simply cannot be good.

"Drivers can't work when they aren't sober and in good health, but one can govern a state," he added at a news conference.

For the second time in recent days, Mr. Zyuganov lashed out at Mr. Yeltsin's campaign for dominating the news media. "All the flatterers have been pulled together to glorify Mr. Yeltsin and scare millions of people with the threat of the so-called return to the past," Mr. Zyuganov said in a prepared statement. "This is something more than hysteria. A real information terror is being launched."

Mr. Yeltsin again rebuffed appeals from Mr. Zyuganov for a televised debate. Interfax quoted him as saying, "I have nothing to discuss with him. How can anything new come of this discussion?"

Russia's two largest pollsters released the results of their latest surveys. The All-Russian Center for the Study of Public Opinion said a survey conducted June 24 of voters who said they would participate in the election showed Mr. Yeltsin leading with 53 percent to Mr. Zyuganov's 30 percent. Five percent said they would vote against both candidates; 12 percent were undecided.

A tighter race was shown by the Public Opinion Foundation, which has worked for Mr. Yeltsin's campaign in the past. Alexander Oslon, director of the group, predicted Mr. Yeltsin would get 50 percent, Mr. Zyuganov 46 percent and 4 percent would vote against both.

TURKS: *Islamic Party to Rule*

Continued from Page 1

year. The new coalition would not only give her a chance to hold a measure of power, but could also win her enough support in Parliament to head off further investigations of her finances.

Turkey has been without a stable government since September, when Mrs. Ciller's government collapsed after two years. After the December elections, Mrs. Ciller formed a coalition with another center-right leader, Mesut Yilmaz. It collapsed after just three months amid bitter recriminations between the two partners. They support similar policies, but their intense personal rivalry made it impossible for them to work together, and paved the way for Mr. Erbakan's rise.

Mr. Erbakan, 70, is a German-educated engineer who has been active in Turkish politics for 30 years. He was a cabinet minister in the mid-1970s, but after the 1980 military coup he was imprisoned on charges that he sought to undermine secularism and submit the country to Islamic rule.

Albert (Cubby) Broccoli Dies at 87, Brought James Bond to the Screen

Reuters

LOS ANGELES — Albert (Cubby) Broccoli, 87, the filmmaker who brought secret agent James Bond to life on the big screen and masterminded one of the world's most lucrative movie franchises, has died, his production company said Friday.

Mr. Broccoli, who produced 17 Bond films including the latest, "Goldeneye," died peacefully Thursday at his Beverly Hills home, his company said.

Mr. Broccoli will go down in movie history as the man behind the hugely successful Bond series.

After persuading the author of the Bond books, Ian Fleming, to give him the film rights, Mr. Broccoli won backing from United Artists studio for the first installment in the 007 saga, 1962's "Dr. No." Since then, the adventures of the suave British supersleuth have brought in more than $1 billion at the box office.

GERMANY: *Kohl Wins Vote on Unpopular Austerity Package*

Continued from Page 1

day, "People have understood what is going on. This is about domestic peace and the stability of our democracy."

The measures approved Friday reduce sick pay by one fifth to 80 percent of workers' salaries. They also increase the size of companies where employers are able to dismiss workers more easily from those with five employees to those with 10 employees.

In addition, charges for prescription medication will increase while state support to attend health spas is reduced.

A separate vote on increasing the retirement age for women from 60 to 65 by the year 2005 and freezing unemployment benefits was postponed until July 9 because of a parliamentary maneuver by the government to legislate the proposals without the approval of the Bundesrat, Parliament's upper house, which is controlled by the Social Democrats.

Reflecting the government's argument that the savings will create jobs by making it cheaper for employers to hire people, Labor Minister Norbert Blüm told Parliament. "We are not making these savings for millionaires, but for *millions* of people who pay their contributions."

"Our aim is promote hiring, not firing," Mr. Blüm said, arguing that the reforms will cut German labor costs — the world's highest — by almost $50 billion by the end of the century.

Bonn is seeking savings of some $33 billion in public spending next year, coupled with cuts of about $13 billion in social security budgets. The savings aim to reduce the overall budget deficit to the margins set by the EU as criteria for the creation of a single currency, one of Mr. Kohl's main policy goals.

The measures approved Friday, together with the legislation on pensions expected July 9, should save about one third of the total amount, with the rest coming from limited pay increases for public service workers and from fiscal measures that still have to be approved by both the lower and upper houses of Parliament.

John Schmid of the International Herald Tribune reported from Frankfurt:

Union leaders initially supported Mr. Kohl in January when he announced a *blueprint* to overhaul Germany's welfare and taxes.

To their surprise, Mr. Kohl has managed to push his reforms further than expected, even corralling the vacillating labor wing of his center-right party. Two *months* ago, unions reversed direction and now threaten a "hot summer" of protests.

Mr. Lafontaine, the Social Democratic Party leader, warned that the austerity plan would disrupt Germany's "social peace." During live broadcast debate of the plan, Mr. Lafontaine said the measures hit women and young people in particular, and he accused the government of caring only for "millionaires." He said, "You must end this policy of social injustice and the dismantling of workers' rights."

Friday's vote was the most decisive in the parliamentary process, even though it will take months before any of the measures, including shopping hours reform, becomes law. The Social Democrats are expected to use their majority in the upper house to grandstand their aversion to Mr. Kohl's unpopular measures.

Observers said the party likely will capitalize on technicalities to delay final passage of the bills, including sending the bills to an arbitration committee.

But Mr. Kohl still holds the upper hand. The vote Friday confirmed that Mr. Kohl's center-right coalition commands the critical majority in Parliament's lower house, which can be rounded up later to overturn any rejections or alterations from the Social Democrat-controlled upper house.

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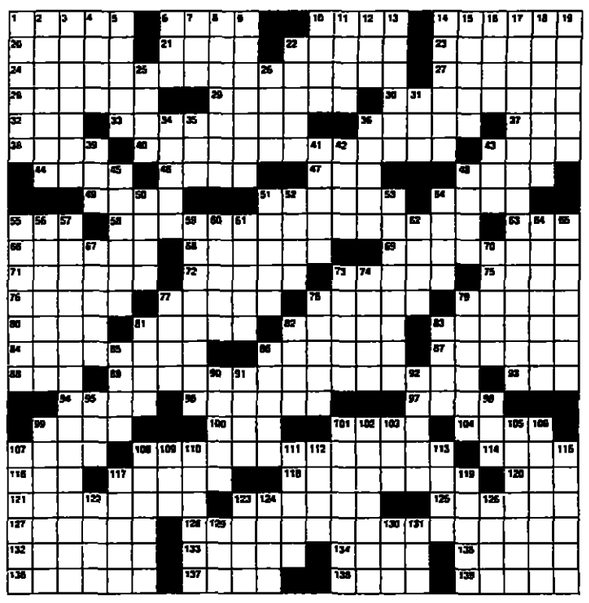
GONE FISHING By Rich Norris



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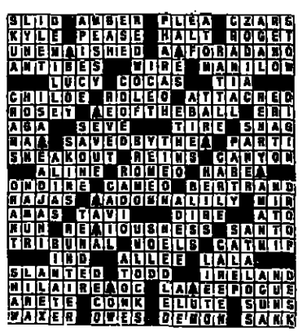
ACROSS
1 Fruit beverage
6 Nap
10 Muddle
14 Contorted
20 "What's in ——?"
21 Classification in human evolution
22 Finely ground quartz used as paint filler
23 Intended
24 Spoiler
27 Two-time Pulitzer-winning journalist
28 Dentist's target
29 Discomfort
30 Went beyond
32 Atty.'s org.
33 Using for subsistence
36 Boorish
37 Biblical suffix
38 A or B, e.g.
40 Marketing ploy
43 Advantage
44 Bona fide
46 Incline
47 Bulgarian monetary unit
48 Golf shot
49 Rambler, for one
51 Hunk
54 Ruin
55 Overseas network
58 Without planning
63 Auto industry regulator: Abbr.
66 Mt. Blackburn locale
68 Egg-hatching elephant of children's lit
69 Waterproof : England :: —— : U.S.
71 *O.J. Simpson,* once
72 Sen. Hatch
73 Features
75 —— importance
76 Some radioactive electrons
77 Asparagus unit
78 Expands
79 Thick waterproof fabric used in cold climates
80 Love, overseas
81 Fat Albert's creator
82 Plant appendage
83 Schoolmaster's rod
84 First president of the Continental Congress
86 "Johnny Get Angry" singer Sommers
87 *Cobbler's tool*
88 "Wheel of Fortune" purchase
89 Whatever it takes
93 QB's try to get them
94 Goblet feature
96 Party concerns
97 More than impressed
99 Modeler's medium
100 Evidence in a paternity case
101 Poker holding
104 Arp's movement
107 Plain of Jars locale
108 Prepare for unpleasantness
114 "Edward Scissorhands" star
116 Mtn. stat
117 First name in choreography
118 Dressed to the nines
120 Dernier ——
121 Currently
123 Mania starter
125 Bungle, with "up"
127 Alarm respondent
128 Matt Dillon, e.g.
132 1963 N.F.L. passing leader
133 Broadway aunt
134 Actress Thurman et al.
135 Register
136 Bounced back
137 Procter & Gamble brand since 1947
138 Subject
139 *Puts back*

DOWN
1 Full-length garment
2 Expecting momentarily
3 Contractor's quote
4 Let off
5 Kind of artery
6 Library sound
7 Weed
8 Is equivalent (to)
9 Attacking
10 Turns down
11 Opposite of sweather
12 Kind of master
13 Wrest by force
14 From the top
15 Stadium divisions
16 Ted of TV's "Blossom"
17 While officially *working*
18 Climb like a squirrel
19 Metric increments
22 Position
25 Tampa paper, familiarly, with "the"
26 Brightly colored
31 Payroll record abbr.
34 Restaurant employee
35 Jr.'s Jr.
36 Like some responsibilities
39 Attention
41 "Backyards, Greenwich Village" artist
42 Traveled
43 Campus letter
45 Empiricist John and others
48 Didi of "Grease"
50 River to the Moselle
51 Up and about
52 Raid alternative
53 More astute
54 Honoree's spot
55 *Santa* ——
56 Off Broadway's —— Group
57 Join, for better or worse
59 Car thief's destination, often
60 Biblical peak
61 Lineup
62 Engine parts
64 Covered, in a way
65 Former sinners
67 *Fragment*
70 The Rockies' —— Field
73 O. Henry technique
74 Picker-upper
77 College student, for short
78 Takes without warning
79 Got out
81 —— Yeobright (Hardy's native)
82 Divide
83 Run
85 Word from a hypnotist
86 One with quite a fish story
90 Bygone
91 "Kritik der reinen Vernunft" author
92 Sculled
95 —— in tango
98 Pop
99 Like French fries and ice cream
101 Retreat
102 1984 Steve Martin film
103 Quebec's —— d'Orléans
105 Keep secret no longer
106 Brandy flavoring
107 Woolly
108 Was loud
109 Brown, e.g.
110 Nursery rhyme word
111 Lawn-care equipment
112 Old English Christmas dish
113 Narrow conduit
115 Image components
117 40's-50's actress —— Mara
119 Religious leaders
122 Regarding
123 Pinochle play
124 Foil relative
126 Advanced
129 New Haven *collegian*
130 Assess
131 Presidential monogram

Solution to Puzzle of June 22-23



Bacon: Terrifying and Seductive

By Michael Gibson
International Herald Tribune

PARIS — Twenty years ago, Francis Bacon (1909-1992) made the cover of Newsweek under the caption "Art as Agony." In 1989 it was The New York Times Magazine's turn to celebrate his work under the title "Unnerving Art." Both phrases testify eloquently to the troubled emotions Bacon's paintings can arouse.

As demonstrated by the stunning exhibition of close to a hundred works (including numerous triptychs), which opened this week at the Pompidou Center, his terrifying visions still seduce and disturb as can no other work of contemporary art. Walking through the halls in which these paintings hang assembled, one is first struck by the extraordinary continuity they form, as though one thread ran through them all, stringing them together into a single coherent narrative.

The work of other artists (Cézanne, Picasso) can be broken down into such watertight categories as landscapes, nudes or portraits.

These same categories also exist in Bacon's work, but the startling unity and coherence of the experience his paintings provide as soon as they are set side by side suggests that the artist addressed something that lies beyond such categories, binding them all together as surely as still life, landscape, portrait and narrative stand intimately fused in a Renaissance fresco.

There is nonetheless a strong contrast between the setting depicted in most of his paintings, in which color is diluted and applied evenly across the surface in pleasant, decorative tones, and the figures themselves, which stand out in drips and smears and occasionally crusty impasto.

The neutrality of the setting, which resembles nothing so much as a bare and freshly painted hotel room, stresses the indifference that surrounds the abominable suffering of the figure bleeding and leaking various offensive fluids at the center of the picture.

At Beaubourg we find ourselves confronted from beginning to end with a single continuous Via Dolorosa, a gruesome Passion narrative.

This effect is heightened by the fact, that Bacon's paintings, as his friend David Sylvester, co-curator of the exhibition, so rightly observes, "tend to have a structure and an atmosphere which makes them look as if they belonged in churches."

Crucifixions are allusively treated in several major triptychs; countless other works are devoted to the agony of vivisected bodies which may or may not be human. Horror even emerges in such mundane ventures as portraits in which the sitter's features are smeared, distorted or — in Bacon's own words — subjected to "injury."

Considering the great unity of the work in both form and subject matter, one is oddly faced with the idea that the exhibition as a whole addresses the viewer in terms that are precisely those of religious art. Nor is this incompatible with the fact that Bacon was (Sylvester, once more) "an old-fashioned militant atheist."

Private collection

"Study From a Portrait of Pope Innocent X," after Velázquez.

These works may be said to address the human condition, but without attempting to deliver any message. "I work for myself," Bacon declared, "for how can one work for a public?"

THIS is indeed a crucial point, for viewers often seem to have a sixth sense that immediately detects whether an artist is using the seductive power of his work as a lever to make some moral point. There is none of this in Bacon's work. He paints from the vantage point of his own special solitude without trying to convince anyone of anything. "That's why I'm always surprised when anyone else likes my work," Bacon concluded.

But why all this pain?

An answer to such a question is to be sought in such older works as Grünewald's Issenheim altarpiece with its blood-flecked and gangrenous Christ on the cross, or in Titian's "Flaying of Marsyas" in which a little dog is shown lapping up the blood that flows from the skinless body: Pain, moral and physical, is an existential issue that art has consistently touched upon throughout the centuries.

The issue of pain is also at the core of the question of meaning: When pain reaches such paroxysmal intensity, can any life still have meaning? Bacon did not believe in any divinely ordained meaning, but he clearly did believe that his own kind of pain found meaning and, indeed, a defiant form of redemption in the triumph of his art.

This exhibition, so appropriately assembled as the century hastens to its close, suggests that Bacon is not alone in finding redemption, or at least catharsis, in these works. So do, perhaps, the occupants of this inhuman age, brought face to face not so much with bloody deeds as with the horrifying, degrading conception of man that alone made such deeds possible.

Francis Bacon, Centre Pompidou, to Oct. 14. Then to Munich, Haus der Kunst, Nov. 4 to Jan. 31.

The End of Impressionism

Mediocre Works Sell for Dizzying Prices

International Herald Tribune

LONDON — Slowly, the flow of Impressionist art, now down to a trickle, is drying up. As it does so, the art buying game becomes more dangerous.

Rarely was the dearth of goods as blatant as this week in Sotheby's Monday sale — the best, Sotheby's spokesmen said, since the market

SOUREN MELIKIAN

collapse in 1990. It took a good deal of commercial dexterity to squeeze £31.5 million ($48.8 million) out of the 73 works on offer, of which 15 remained unsold.

That Sotheby's should have chosen to start with such bland banalities as the pictures that once adorned the Paris townhouse of the late banker Ernest Gutzwiller says a lot about the difficulty of getting Impressionist art for sale. So does the fact that 14 out of 16 found homes.

The very first one, a copy by Degas after Thomas Lawrence, is the kind of picture that was almost unsalable three decades ago. Copies were looked down upon. On Monday, the Lawrence picture revised in Degas style rose to £331,500, an astonishing price that doubled the high estimate.

There were more surprises. A landscape by Sisley, "Le Canal du Loing," which looks like a photograph colored with a trembling hand, made £397,500.

This was followed minutes later by Renoir's "La Baie d'Alger," confused in its brushwork and indifferently composed, which climbed to £551,500.

The one failure of some substance affected one of Monet's views of the Rouen cathedral, done in 1894. Unbalanced and done in pale purples, the picture lacks the light effects that can make the famous series of the cathedral facade painted at different times of the day irresistible. It crashed unsold at £830,000, far below an Alice-in-Wonderland estimate of £1.5 million to £2.5 million.

What makes the flop interesting is the warning it carries.

The estimate points to a reserve set somewhere around £1.4 million, which, with the added sale charge, would translate into a price well in excess of $2 million, a huge amount for a third rate work.

The buyer could hardly be assured of recouping his outlay — and that sums up the danger inherent in any market when supplies are about to run out.

Rarity drags the finest to dizzying heights. The prices demanded for the best in turn induce would-be vendors to raise the stakes, first over the not-so-fine, then on the not-fine-at-all, and ultimately on the duds.

When that point is reached, only those few skilled professionals who can all at once assess aesthetic merit, pronounce on the relative importance within the artist's oeuvre, and have a shrewd idea of who is looking for what, may step in without risking punishing losses.

Auction house specialists face a similar problem. They must be able to determine just how high they can push the so-called "estimate" and the assorted reserve without forcing prospective buyers to take an unacceptable chance.

If Sotheby's triumphed on Monday night, it is largely because their senior specialist, Michel Strauss, has the kind of sophisticated knowledge plus the experience required to strike this fine balance.

Sotheby's

Cézanne's "Grands Arbres au Jas de Bouffan," one of the rare gems at the sale.

It is not easy to sell a late Venetian view by Eugène Boudin that has very little going for it apart from the subject — the Campanile and the Palazzo Ducale. Sotheby's was lucky or clever enough to get one bidder willing to pay £265,500.

It is hardly easier to get away with the portrait of a "Woman in a Yellow Bodice" with a soppy smirk by Renoir when the pastel drawing is priced between £1 million and £1.5 million plus the sale charges. But they sold that one too — for a huge £1,211,500, inches below what may be called danger point from the buyer's perspective.

A string of works of no clearly discernible merit likewise found sympathetic souls.

These ranged from a pastel ballet scene drawn by Degas as a project for a fan, to a skimpy late oil sketch by Renoir dubbed "Spanish Dancer in a Red Dress," sold for £331,500.

The gems could be counted on the fingers of one hand. Only one was an oil painting. It shone vividly against this backdrop of mediocrities.

The view of trees at the "Jas de Bouffan," as Cézanne's house in southern France was called, is handled with that rhythmical quality that the artist had to his brushwork in the later 1880s. The faceted effect seems to herald the later prismatic compositions of Cubism.

At £5,435,000, it exceeded Sotheby's higher estimate by about a quarter.

YET in financial terms, the figure is more acceptable than many of the lower prices. While not everybody may wish to run after a none-too-good oil sketch by Renoir in the future, some major public and private collections will always be there as potential buyers for a great Cézanne landscape. Even if this is not the absolute top as Jas-de-Bouffan views go, it is close enough to remain highly desirable.

The art of auctioneering in a dwindling market is not just about fine-tuning estimates. It lies at least as much in getting new recruits to play an ever riskier game.

As a market gets thinner and the general price level keeps rising, it becomes more difficult to attract them.

Collectors drop out in droves, unable to follow. Many investors stay away, conscious that the risks become exponentially bigger as prices soar ever higher precisely because the number of potential buyers contracts.

Was it through happenstance or through some very clever marketing that a mystery buyer stepped in on Monday at Sotheby's, making all the difference between just a decent score and a tremendous success?

Bidding over the phone under the number LO13, Sotheby's benefactor apparently gave little attention to aesthetic orientation — the span was too broad. The inference is that his or her shopping spree was primarily an investment.

It began with the Renoir pastel of the "Woman in a Yellow Bodice" mentioned earlier.

Next came Picasso's "Young Spanish Girl on the Sea Front" done in 1901, in a mood closer to Fauvism than to the brand of Impressionism illustrated by Renoir's pastel.

By the time the enigmatic LO13 acquired a German Expressionist landscape done by Max Pechstein in 1912 for £273,500 and followed it up with another Expressionist picture, "Festive Day" by Carl Hofer, it was hard to dispel the feeling that here was a buyer looking for works from the recognized avant-garde schools of the late 19th and 20th century regardless of style.

The next three acquisitions of LO13 left no doubt on that score.

There is little in common, artistically, between the spoofy quasi-abstract fantasizing of Joan Miró in 1935 ("Three Women," bought for £2.31 million), two very figural drawings by Matisse ("Portrait of Rosabianca Skira 1948, £243,500, and "Reclining Nude," 1935, £441,500) and a Surrealist cartoon by Paul Klee ("Brother and Sister," 1935, £2,861,500).

WHEN probed about the mystery buyer, members of the Sotheby's crew would only say that the person had been known to them "for a year or two."

The next day, attending Christie's evening sale, which was slightly weaker and raked in £24.3 million, I kept wondering which pictures might have caught the buyer's eye.

Would he (she?) have fancied the interesting Cubist composition by Braque that made £3,521,500? Did he (she?) try for the poor man's Van Gogh, a flower still life sold for £3,081,500?

It may be some time before the riddle is solved. But in truth the buyer's identity does not matter all that much.

It is the broad sweep that is revealing, and what has every appearance of being a search for substitutes to the no-longer-available Impressionists.

This is characteristic of a market about to wind down. The four-decade long era that started at Sotheby's with the Goldschmidt sale in 1956 and made Impressionism the driving force of the market is over for good.

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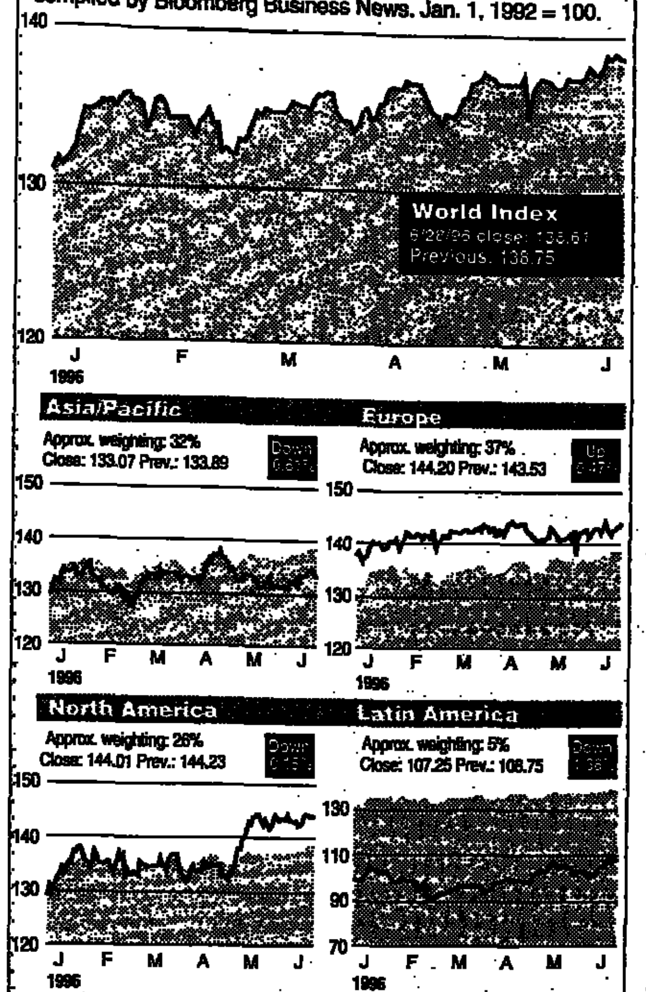

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	Fri. close	Prev. close	% change		Fri. close	Prev. close	% change
Energy	146.67	147.04	-0.25	Capital Goods	146.80	147.15	-0.24
Utilities	130.37	130.53	-0.12	Raw Materials	161.56	161.88	-0.20
Finance	120.59	120.77	-0.15	Consumer Goods	148.62	148.67	-0.03
Services	129.59	129.57	+0.02	Miscellaneous	138.63	138.04	+0.43

For more information about the Index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

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GM Eggheads in One Basket

Company to Regroup Labs for Design Push

By Keith Bradsher
New York Times Service

DETROIT — General Motors Corp. is quietly preparing a broad shift in how it engineers cars, including the likely development of an immense complex of laboratories and offices to house tens of thousands of engineers now scattered across southern Michigan.

Project Dovetail, as the company has code-named the effort, is aimed at reducing the current duplication of effort among the company's seven car divisions and three car engineering centers, people familiar with the project said. The plan is to replace GM's sprawling empire of office buildings and laboratories, accumulated over the last 88 years, with several large office compounds in Michigan, with the main complex housing the engineers.

The hope is that by putting most or all of GM's car engineers in one place, the world's largest automaker will have more success in its efforts to persuade them to develop a few basic car designs.

The sheet metal would then be varied to create the appearance of different models for its Buick, Cadillac, Chevrolet, Geo, Oldsmobile, Pontiac and Saturn divisions — something that General Motors and other automakers have tried to do in recent years with mixed results.

Unnecessary duplication of engineering work on car parts that customers never see and seldom notice has cost General Motors billions of dollars in recent years.

Project Dovetail is so secret that *GM executives have been forbid*den even to mention the code name to colleagues who are not directly involved in the planning. Following the example of intelligence agencies, General Motors has individually numbered each copy of the main planning documents and has tracked readership of them, while barring the photocopying of the documents.

The goal of the project is to "dovetail" General Motors' real estate to the corporate needs over the next several decades. The project is also part of a much broader effort to erase the bureaucratic fiefs that have plagued the company since William Durant assembled the corporation by merging Oldsmobile, Buick, Cadillac, Chevrolet and other car divisions nearly 90 years ago. The secrecy is intended to avoid alarming employees into thinking they might be asked to move to another city in Michigan soon.

Linda Cook, a spokeswoman, confirmed Thursday that GM was reviewing its real estate needs.

But people familiar with the project said GM executives planned to brief the company's board within the next several months.

No big spending decisions are likely to be made, however, until after the company reaches another national labor contract this autumn with the United Automobile Workers union.

■ Small Price Rise in 1997

General Motors said Thursday that prices for its 1997 model vehicles would rise by only 1.7 percent, on average, putting pressure on its rivals to hold down the prices of their cars and trucks, The New York Times reported from Detroit.

Automakers have been struggling in recent months to maintain price increases on minivans, pickup trucks, sport utility vehicles and particularly cars, as customers have grown increasingly cost-conscious.

Paralyzed by Strike, Air France Europe Bends on Deadline

Compiled by Our Staff From Dispatches

PARIS — A one-day strike by workers at Air France Europe grounded all of the carrier's flights Friday, stranding 65,000 passengers and costing the loss-plagued state-owned airline up to 20 million French francs ($3.88 million).

But strikers succeeded in canceling a Sunday ultimatum for pilots to accept 15 percent cuts in pay or face annulment of their contracts.

The state-controlled company, which said it had been losing 100 million francs a month before the strike, had warned that failure to meet the ultimatum could bring a takeover by the parent company, Air France, or the sale of the carrier to a private company.

But as the strike wore on, Air France Europe said it would not make a decision on the future of the airline until after consultations between management and workers Thursday.

Eight of the carrier's unions, representing 75 percent of the work force, called the strike after the airline announced plans to cut 18 loss-making routes.

About 100 strikers broke into a meeting of union and management officials at Orly Airport in Paris and barred the managing director, Jean-Pierre Coucol, from leaving for several hours.

But management announced after six hours of talks that participants in the meeting had reached an agreement under which flights would resume Saturday, and officials on both sides denied that Mr. Coucol had been held against his will.

In grounding all its aircraft, Air France Europe canceled more than 500 domestic and European flights. It had scheduled an extra 100 flights for Friday, the first big departure day for summer vacation in France.

Air France Europe management said it had grounded all its planes because it was impossible to organize replacement services on short notice.

But unions, including some that did not strike, accused management of staging a lockout and said at least some flights could have taken off.

Rival airlines, including Air Outre Mer, offered service to some stranded travelers. AOM said it had arranged before Friday to operate bigger planes than usual to some cities, having concluded that the route cancellations would precipitate a strike at Air France Europe.

But AOM noted that it could not come close to serving all the Air France Europe customers.

Air France Europe, formerly known as Air Inter, is the domestic and regional unit of Air France. The parent, which runs international flights, did not cancel any flights.

Air France Europe lost its monopoly on domestic routes to other French carriers at the start of this year. Airlines from other European Union countries will be allowed to compete in the French market next year. *(Reuters, Bloomberg, AFP)*

■ Alitalia Shares Suspended

Shares in Alitalia were suspended on the Milan bourse Friday pending a series of meetings to decide the success of a capital injection to pull the carrier back from the brink, Reuters reported from Milan.

The stock market regulator Consob said the shares would stay suspended Monday until after shareholders meetings of Alitalia and the state holding company Istituto per la Ricostruzione Industriale, the majority owner of the ailing airline.

The Alitalia meeting opened Friday, but a representative said the capital injection would probably not come up for discussion until after an adjournment. The IRI meeting convenes Monday.

Under discussion will be a 3 trillion lire ($1.96 billion) rescue rights issue that is linked to a deal with unions to rescue Alitalia after eight straight years of losses.

Alitalia unions agreed to a rescue deal that would give them up to 30 percent of the carrier and three seats on the board in return for job cuts and other cost savings.

Fed Expected to Keep Rates Flat

By Richard W. Stevenson
New York Times Service

WASHINGTON — The Federal Reserve Board will probably not raise interest rates when its policy-making body meets next week, economists say, but that call will be a difficult and close one on both economic and political grounds.

The economy appears to be growing at an unexpectedly robust 4 percent clip in the second quarter, and with unemployment at 5.6 percent, the likelihood of inflation taking root would normally be considered high.

Under its chairman, Alan Greenspan, the Fed has taken to heading off inflation by raising rates long before it has a chance to spread through the economy.

But there are only scattered and inconsistent signs of inflation, and many economists say the economy is about to slow substantially.

Bond prices soar on slow U.S. economic growth. Page 10.

To a large extent, economists said, the markets have done much of the Fed's work for it by sending long-term rates higher earlier this year.

"While the economy has been somewhat stronger than expected so far this year, the backup in interest rates that's taken place is going to end up slowing the economy no matter what the Fed does," said Bruce Steinberg of Merrill Lynch & Co. "So in that sense, I don't think the Fed needs to do anything."

Sentiment in the credit markets has shifted in recent days toward the belief that the Fed will keep short-term rates steady. As a result, bond yields have fallen significantly.

Some say the Fed may raise rates next week rather than risk having to act later in the year, during the heat of the presidential election campaign, when its actions could leave it open to charges of political interference.

ECONOMIC SCENE

Fair Play? It's a Trilateral Trade World

By Tom Buerkle
International Herald Tribune

BRUSSELS — It's only coincidence that this is Wimbledon season, but the favored game of the world's leading trade negotiators at the moment is Canadian doubles.

In the tennis version, two players line up against a third. The one-man advantage is rotated with each game to ensure fair play.

In the trading system, it's the United States, Japan and the European Union that are jockeying for advantage on a broad range of issues topped by trade in semiconductors and information-technology equipment. Only here, fair play is not required.

On Monday, for instance, Deputy Trade Minister Yoshihiro Sakamoto served an apparent winner for Japan by gaining European support for a trilateral semiconductor agreement to replace a U.S.-Japanese deal that expires at the end of July.

Japan is determined to resist U.S. pressure to extend that agreement, which sets a 20 percent minimum target of Japan's semiconductor market for foreign suppliers, which are predominantly American. Mr. Sakamoto also found a receptive ally in the EU, which opposes government-managed trade in principle and is seeking to support the bloc's lagging chipmakers.

"The multilateral trade system is really the trilateral trade system," one Japanese diplomat said. "If you can get an ally on an issue, you win 2-1."

The same negotiating dynamic has become increasingly evident on a series of trade issues over the past year.

The United States agreed to a watered-down deal on car trade with Japan last year after Europe sided with Tokyo in opposing numerical targets. Then Europe and Japan concluded a global deal on financial services after the United States pulled out of the talks. Washington blamed its pullout on a lack of concessions from Japan and other Asian nations.

Meanwhile, Europe and the United States appear set to join forces later this year to demand negotiations on labor rights when the World Trade Organization holds its first ministerial meeting in Singapore in December. Japan has joined much of developing Asia in opposing the move, viewing it as a thinly veiled form of protectionism.

On semiconductors, the three-way bargaining is especially fierce because the technology is of vital importance in today's economies. Europe is seeking to persuade Japan on the grounds of open trade, while the United States is using the clout of its huge market.

U.S. officials still hope to persuade Japan to conclude a new bilateral deal, a point President Bill Clinton pressed with Prime Minister Ryutaro Hashimoto of Japan at the Group of Seven summit meeting Thursday in Lyon.

U.S. officials say bluntly that a bilateral deal makes sense because American and Japanese companies control some 80 percent of the world semiconductor market. Japan's semiconductor makers have shown more support for a bilateral arrangement for that very reason.

Washington is trying to overcome Japanese government objections to a bilateral deal by pointing out their common interest on a broader free-trade deal in information technology. Both sides are pushing for a global agreement to remove tariffs on everything from semiconductors to computers and telecommunications equipment. The EU is in the minority here because it has the most to concede. Its tariffs on most of those products range from 7 percent to 14 percent.

EU officials insist they will not back an information-technology agreement unless Europe is involved in a new semiconductor pact. But Mr. Sakamoto lent some support to the U.S. case by rejecting any link between the two negotiations.

Officials say the talks are likely to continue right up to the July 31 deadline.

The continuing irony is that Europe and the United States are clashing openly on free-trade principles even though both sides think that Japan should be the common target.

"It's disappointing that we can't work together because the biggest barriers are still in Japan," one EU diplomat said.

Franchise Giant Close to Buying Avis

Bloomberg Business News

PARSIPPANY, New Jersey — HFS Inc. is close to an agreement to buy the car-rental company Avis Inc. for $800 million in cash and stock, a person familiar with the negotiations said Friday.

The transaction could be announced as early as Monday, the source said. The purchase would pave the way for HFS to expand its hotel and real-estate franchise business into the rental-car industry.

"Avis is your all-purpose cover-the-earth car rental company," said Barry Bryant, an analyst at Rodman & Renshaw.

HFS is now expected to seek a niche car-rental company, such as Enterprise Rent-A-Car or Alamo Rent A Car, Mr. Bryant said.

Purchase of Avis would follow a string of big acquisitions by HFS. Last month, it agreed to buy Coldwell Banker Corp. for $740 million to extend its position as the largest franchiser of real estate brokerages. It is already the largest franchiser of hotels.

The HFS chief executive, Henry Silverman, would not confirm or deny the report. In an interview, Mr. Silverman said his company was interested in entering the car-rental business, which he said has been mismanaged by the carmakers who typically own the companies.

"Automakers have used car-rental companies as a way to sell or dispose of excess cars," creating an oversupply of cars and hurting the industry's performance, he said.

Avis officials did not return phone calls. The company said earlier this month that it had received an "unsolicited indication of interest" to be acquired by a publicly traded company.

Acquisition of employee-owned Avis would need the approval of General Motors Corp., which owns preferred stock convertible into a 29 percent stake in Avis. GM officials declined to comment.

The sale of GM's interest in Avis would be consistent with the carmaker's strategy to shed its nonautomotive businesses. Last year, the automaker sold National Car Rental to an investment group headed by William E. Lobeck.

We have a few suggestions for your weekend schedule.

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0500 All Things Considered®
0830 Marketplace (Sat)
Soundprint® (Sun)
0900 PRI's The World™ (Sat)
West Coast Live (Sun)
1000 Fresh Air® (Sat)
1100 Monitor Weekend®
1200 C-Span Weekly Journal (Sat)
Dialogue (Sun)
1230 Latino USA® (Sun)
1300 Weekly Edition® (Sat)
Living on Earth® (Sun)
1400 Weekend Edition®
1600 Fresh Air® (Sat)
Afropop Worldwide® (Sun)
1700 Whad'ya Know® (Sat)
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Japan Starts Copper Inquiry

Reuters

TOKYO — Japanese prosecutors have reportedly started a criminal inquiry into Sumitomo Corp.'s copper trading scandal, and the company said it would investigate whether its former chief trader had managed to turn the market into a cartel.

Reports by Jiji and Kyodo news services on Friday quoted sources within the Tokyo District Prosecutor's Office as saying they would investigate whether there had been a "breach of trust" by Yasuo Hamanaka, the one-time king of the copper market.

They said the inquiry would look into possible embezzlement in the 10 years of Mr. Hamanaka's apparently unauthorized trades. Sumitomo rocked the financial world on June 13 when it said it lost an estimated $1.8 billion in copper trading, mainly through Mr. Hamanaka, and fired him. Metal market traders say those losses are almost certain to grow.

World copper prices rose sharply Friday as investment funds continued to buy back positions they had sold recently at higher levels to book in profits.

Options-related buying was also a factor behind a rally of $85, to $1,965 a tonne, on the London Metal Exchange on Friday. The market is 13 percent above a 2½-year low hit on Tuesday of $1,745. "The bulk of Sumitomo's liquidation appears to have been absorbed," one trader said.

Traders say that Sumitomo's liquidation, as well as fund selling, helped knock a third off the value of copper since early May, when prices peaked at $2,715.

In New York, copper for July delivery gained 1.05 cents, to 91.85 cents per pound.

Call-Back Use Faces Cutback

The Associated Press

GENEVA — The International Telecommunications Union on Friday dealt a blow to the huge discount-calling industry, declaring that countries have the right to outlaw such services.

Discount calling, or "call back," allows callers overseas to save on phone calls by using a U.S. phone line to telephone home. This skirts the far more expensive charges of foreign government-owned phone monopolies.

Call back's popularity has boomed, generating an estimated $500 million market annually. The telecommunications union predicts the market will be worth about $1.2 billion by 1998.

The union's governing body agreed that any country could bar the call-back service. The resolution, on behalf of the 185-member body, took effect Friday.

A total of 25 countries protested call-back services.

They were Algeria, Bahrain, Belarus, Burundi, China, Colombia, Djibouti, Egypt, Ecuador, Honduras, Kazakstan, Kenya, Kyrgyzstan, Kuwait, Latvia, Malaysia, Morocco, Niger, Uganda, Portugal, Qatar, Thailand, Turkey, Vietnam and Yemen.

Most opposing countries argued that such alternative calling services strip them of a major source of revenue.

About two dozen, mostly American, call-back companies dominate the industry.

Using call back, a subscriber dials his company's U.S. phone system, lets it ring once and hangs up.

The call-back service's computer dials back and provides a U.S. telephone line connection to the subscriber, which bypasses the foreign phone company.

CURRENCY & INTEREST RATES

Cross Rates June 28

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.708	2.6535	1.1315	0.3317	0.1113*	—	5.4495*	1.3644	1.555*	1.252	1.3325*
Brussels	31.275	48.435	20.575	6.077	2.0403*	18.345	—	25.00	0.2851	22.92	24.42*
Frankfurt	1.5219	2.3578	—	0.2956	0.9956*	0.8918	4.8564*	1.2164	1.3865*	1.1147	1.1866*
London (a)	1.5525	—	2.3617	7.9861	2,378.28	2.6484	48.599	1.9389	170.155	2.1168	198.78
Madrid	128.28	198.442	84.165	24.881	8.355*	75.85	4.0896	102.355	116.736*	93.913	—
Milan	1,522.35	2,375.50	1,007.28	297.98	—	898.37	48.98	1,223.70	13.987	1,122.38	11.956
New York (b)	—	1.553a	1.5247	5.155	1,535.00	1.7007	31.36	1.2539	109.725	1.3658	128.30
Paris	5.1525	7.9775	3.3027	—	0.3358*	3.0164	0.1644	4.1138	4.6918*	3.7745	4.017*
Tokyo	109.50	169.75	72.89	21.31	7.15	64.22	3.495	87.67	—	80.37	0.8551
Toronto	1.3641	2.1178	0.8954	0.2649	0.0889*	0.7984	4.435*	1.0886	1.2442*	—	1.0106*
Zurich	1.2516	1.9373	0.8221	0.2432	0.8157*	0.7339	3.9966*	—	1.1487*	0.9187	0.9975*
1 ECU	1.2573	0.8155	1.9137	6.4753	1,929.50	2.1456	39.3796	1.5739	137.112	1.7134	161.036
1 SDR	1.4427	0.9359	2.2087	7.4391	2,214.03	2.462	45.3273	1.8114	157.836	1.9682	184.772

Closings in Amsterdam, London, Milan, New York, Paris, Toronto and Zurich, fixings in other centers.
*a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9999	Greek drac.	240.89	Mex. peso	7.598	S. Afr. rand	4.3605
Australian $	1.2682	Hong Kong $	7.7398	N. Zealand $	1.4592	S. Kor. won	808.80
Austrian sch.	10.71	Hung. forint	153.34	Norw. krone	6.5007	Swed. krona	6.6304
Brazil real	1.006	Indian rupee	35.07	Phil. peso	26.20	Taiwan $	27.64
Chinese yuan	8.3406	Indo. rupiah	2326.50	Polish zloty	2.72	Thai baht	25.35
Czech koruna	27.61	Irish £	0.6283	Port. escudo	156.15	Turkish lira	81513.0
Danish krone	5.865	Israeli shek.	3.2025	Russ ruble	5098.0	UAE dirham	3.671
Egypt. pound	3.354	Kuw dinar	0.299	Saudi riyal	3.7505	Venez. boliv.	468.75
Fin. markka	4.6255	Malay. ring.	2.4935	Sing. $	1.4109		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.5478	1.5475	1.5475	Japanese yen	109.34	108.85	108.54
Canadian dollar	1.3621	1.3612	1.3603	Swiss franc	1.2491	1.2458	1.2429
Deutsche mark	1.5198	1.5168	1.5109				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from Reuters and AP.

Eurocurrency Deposits June 28

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5 3/8 - 5 7/16	3 1/8 - 3 1/4	2 5/16 - 2 7/16	5 9/16 - 5 11/16	3 11/16 - 3 13/16	3/8 - 1/2	4 11/16 - 4 13/16
3-month	5 1/2 - 5 9/16	3 1/4 - 3 3/8	2 5/16 - 2 7/16	5 5/8 - 6	3 3/4 - 3 7/8	1/2 - 5/8	4 11/16 - 4 13/16
6-month	5 11/16 - 5 3/4	3 1/4 - 3 5/16	2 1/2 - 2 5/8	5 3/4 - 5 7/8	3 15/16 - 4	5/8 - 3/4	4 13/16 - 4 15/16
1-year	5 7/8 - 6 1/16	3 9/16 - 3 5/8	2 9/16 - 2 11/16	5 15/16 - 6	4 1/8 - 4 1/4	7/8 - 1	4 1/2 - 4 5/8

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Close	Prev
Discount rate	5.00	5.00
Prime rate	8 1/4	8 1/4
Federal funds	5 3/8	5 3/8
3-month CDs	5.06	5.02
CP 180 days direct	6.11	6.11
3 month Treasury bill	5.03	5.06
1-year Treasury bill	5.38	5.45
2-year Treasury bill	6.10	6.22
5-year Treasury note	6.46	6.59
7-year Treasury note	6.56	6.69
10-year Treasury note	6.71	6.83
30-year Treasury bond	6.89	6.99
Merrill Lynch 30-day RA	4.79	4.79
Japan		
Discount rate	0.50	0.50
Call money	0.42	0.47
1-month interbank	0.56	0.52
3-month interbank	0.69	0.76
6-month interbank	0.81	0.84
10-year Govt bond	3.18	3.30
Germany		
Lombard rate	4.50	4.50
Call money	3.33	3.35
1-month interbank	3.40	3.40
3-month interbank	3.43	3.43
6-month interbank	3.45	3.45
10-year Bund	6.51	6.60
Britain		
Bank base rate	5 3/4	5 3/4
Call money	5 7/8	5 7/8
1-month interbank	5 3/4	5 13/16
3-month interbank	5 3/4	5 3/4
6-month interbank	5 13/16	5 13/16
10-year Gilt	7.92	8.00
France		
Intervention rate	3.40	3.40
Call money	3 11/16	3 11/16
1-month interbank	3 3/4	3 7/8
3-month interbank	3 13/16	3 13/16
6-month interbank	3 7/8	4 1/16
10-year OAT	6.43	6.62

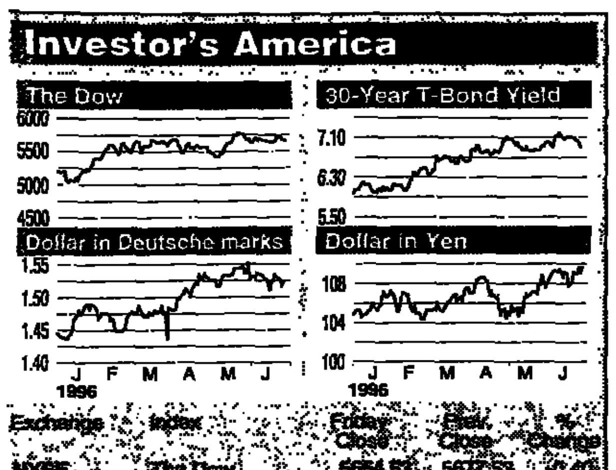
Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Crédit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	381.85	382.05	-1.20
London	381.30	382.00	-0.95
New York	383.40	381.80	-2.00

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices; New York Comex (Aug.)
Source: Reuters.

Investor's America



Exchange	Index	Friday Close	Prev. Close	% Change
NYSE	The Dow	5654.63	5677.53	-0.40
NYSE	S&P 500	670.63	668.53	+0.31
NYSE	S&P 100	647.53	647.08	+0.07
NYSE	Composite	359.21	357.58	+0.46
U.S.	Nasdaq Composite	1181.97	1164.66	+1.49
AMEX	Market Value	576.81	570.15	+1.17
Toronto	TSE Index	5044.97	5012.47	+0.65
São Paulo	Bovespa	60363.50	61730.20	-2.21
Mexico City	Bolsa	3210.83	3183.55	+0.86
Buenos Aires	Merval	597.40	617.08	-1.62
Santiago	IPSA General	5590.47	5518.37	+1.18
Caracas	Capital General	4942.77	4933.85	+0.20

Source: Bloomberg, Reuters — International Herald Tribune

Very briefly:

Planet Hollywood to Build Casinos

ORLANDO, Florida (Bloomberg) — Planet Hollywood International Inc. has formed a joint venture with ITT Corp. to spend $1.3 billion to open "Planet Hollywood" casino hotels in Las Vegas and Atlantic City, New Jersey.

The agreement lets Planet Hollywood into the lucrative casino business and gives hotelier ITT a chance to cash in on the Hollywood cachet and draw younger customers.

• **Aluminum Co. of America** has offered 3,600 of its 10,000 U.S. workers incentives to quit as part of an effort to cut 25 percent from its administrative costs. Each worker has been offered two weeks' severance pay for every year of service.

• Two joint ventures of **News Corp.** and **MCI Communications Corp.** — American Sky Broadcasting and SkyMCI — are to invest $130 million to build a satellite facility and broadcast operations center in Phoenix, Arizona.

• **Pan American World Airways Inc.** is close to forming an alliance with eight small international airlines, as the carrier tries to resurrect itself four years after its collapse.

• **Astra AB's** U.S. unit will attempt to reverse a judge's ruling that bars the company from prohibiting employees who settled harassment claims to file charges with federal regulators.

• **Excite Inc.** is to buy **McKinley Group Inc.** for $18 million in the first consolidation of major Internet search engine companies.

• **Continental Airlines Inc.** plans to invest $75 million to expand capacity at its Houston Intercontinental Airport hub.

• Corn futures soared to their biggest gain in 23 years after a government report showed supplies are plunging, threatening shortages before the fall harvest.

• **AST Research Inc.** named **Samsung Electronics's** chief executive, Kwang-Ho Kim, as chairman after Samsung paid $60 million to raise its stake in the personal computer maker to as much as 49.9 percent. *Bloomberg, AFX, AP, Reuters*

Computers and Competition

U.S. Firm Lines Up Congress Against Japan

By Peter Passell
New York Times Service

NEW YORK — If at first you don't succeed, try, try again. Cray Research Inc., the American maker of supercomputers, seems to have taken that homily to heart.

After failing to convince the National Science Foundation that it could build a better machine to simulate global warming than NEC Corp. of Japan, Cray is attempting to nullify the foundation's decision through the back door.

Friends of Cray in Congress have slipped a provision into the foundation's proposed budget that would effectively bar completion of the deal with the Japanese.

More is at stake here than the $35 million contract.

"Since the late 1970s, America has been pressuring Japan to play fair on government procurement," said Gary Saxonhouse, an economist at the University of Michigan. By changing the rules when it suits U.S. interests, Washington is risking hard-won progress in opening up the Japanese market.

Supercomputers, machines that can crunch numbers at multiples of the speeds of the giant mainframes that dominated the computer market in the 1970s, dominate niches in electronic eavesdropping, nuclear weapons design, high-energy physics, weather forecasting and oil exploration.

The supercomputer market, long dominated by U.S. brands, is now up for grabs. Hitachi Ltd. currently owns bragging rights as the maker of the fastest supercomputer in the world. More important from Cray's perspective, recent sales in Canada and Europe suggest that machines manufactured by NEC and Fujitsu Ltd. are now highly competitive in weather forecasting.

So it was no great shock to computer gurus when the U.S. government's top science-research agency chose a computer from NEC, in spite of Cray's contentions that American jobs and American security were at risk.

By changing the rules when it suits U.S. interests, Washington is risking hard-won progress in opening up the Japanese market.

Three days after the NEC award, the acting head of the U.S. Commerce Department's Import Administration wrote to the National Science Foundation to warn that the Japanese bid was "substantially" below the manufacturer's cost and thus potentially subject to antidumping penalties.

Greg Rushford, the publisher of the Rushford Report, a Washington-based newsletter on trade politics, said the warning was unusual for a variety of reasons.

One federal agency rarely interferes with procurements by another unless it is invited. More striking yet, the Commerce Department issued the warning before it had begun an independent inquiry or even given NEC a chance to defend itself.

Two weeks ago, Representative David R. Obey, Democrat of Wisconsin, managed to amend a committee draft of the science foundation's appropriations bill to deny funds for the salaries of personnel "who approve a contract for the purchase, lease or acquisition in any manner of supercomputing equipment" after a "preliminary determination" by the Commerce Department that the offering was "at any other than fair value."

An effort by Representative Jim Kolbe, Republican of Arizona, to scratch the amendment was brushed aside by fellow committee members. That suggests it has a good chance of surviving in the 1997 appropriations bill, which is supposed to be completed by Oct. 1.

The White House has yet to take a position on the Obey amendment.

So far, the only official Japanese reaction — from Hajime Ito, a senior trade official at the Japanese Embassy in Washington — is a mild expression of "serious concern."

But Mr. Ito has suggested that the initiative violates World Trade Organization rules.

Blue-Chip Stocks Spoil Big Day on Wall Street

Compiled by Our Staff From Dispatches

NEW YORK — Bond prices surged Friday, with computer, bank and utility stocks following suit, but blue-chip shares were unmoved.

The Dow Jones industrial average finished down 22.90 points, at 5,654.63, even though gaining issues outpaced decliners by a 5-to-2 ratio on the New York Stock Exchange.

Technology issues gained, helping the Nasdaq composite index gain 15.96 points, to 1,181.97.

But the star was the bond market, which soared as traders took reports on manufacturing and consumer sentiment as evidence that the economy was growing too slowly to spur inflation.

"There's been a massive shift in psychology today, and everything is feeding into that," said Joe LaVorgna of Lehman Brothers. "The market could be setting itself up for a big drop, but right now everyone wants to buy."

The Chicago Purchasing Management Association said its index of regional manufacturing conditions had risen to 53.3 from 53.0, while the University of Michigan's index of consumer sentiment rose to 92.4 in May from 89.4.

While both indexes showed continued economic expansion, the gains were below forecasts, leading traders to conclude that the Federal Reserve Board would feel no need to brake growth by raising interest rates when its policy-making committee meets next week.

The benchmark 30-year Treasury bond ended up 1 3/32, at 88 25/32, lowering its yield to 6.89 percent from 6.99 percent Thursday.

The lower yields from bonds helped stocks of utilities and banks, amid expectations of lower borrowing costs. Mellon Bank, which closed up ⅜ at 57, and Consolidated Edison of New York, up ½ at 29⅜, led the sectors.

Some traders said the recovery in bond prices showed the market had determined that yields had already risen high enough to forestall a Fed rate increase.

"I'm not a believer the Fed has to raise interest rates," said Jim Madelmayer of Dresdner Securities. "The market has done it for them. The economy will be slowing down, and inflation isn't nearly as worrisome as people are talking about."

Trading overall outside of bonds was cautious as money managers sought to give portfolios a quarter-ending shine. Much of the money being reallocated was going from blue chips to smaller companies, said Michael Metz of Oppenheimer & Co.

That timidity showed particularly in blue-chip shares, where concerns over second-quarter earnings overshadowed optimism over interest rates. General Electric led the decline among Dow components, closing down 1, at 86½, while Philip Morris fell ⅞, to 104.

"I'm surprised that we're not doing better with the bonds doing better," said Timothy Heekin of Salomon Brothers.

U.S. STOCKS

"There is a divergence between the blue chips" and the broader market, said Jeff Sarrett of Crédit Lyonnais Securities.

Computer issues led the rest of the market, paced by Sun Microsystems, up 1 3/16 at 58⅞.

"Semiconductor companies are near historical lows," said Greg Goldberg of Prudential Mutual Funds, "and at the same time, their financial situation was far superior to where they were in the last down cycle."

Iomega was the most active stock on the Nasdaq, finishing up 1½, at 29, after a J.P. Morgan analyst recommended the stock of the maker of computer disk storage systems.

Even Applied Magnetics rose ⅛, to 10½, despite saying that its earnings this quarter would come in substantially short of the previous quarter's as it alters its product mix.

"Nasdaq is certainly rebounding from the recent pasting in technology stocks," said Chris Dickerson of Global Market Strategists.

But International Automated Systems shares closed down 22½, at 17½, after the company failed to deliver a long-promised demonstration of its new telecommunications technology.

Expert Software shares fell 3½, to 7⅜, after it forecast a second-quarter loss from operations because of disappointing sales.

Minntech shares declined 3¼, to 10⅞, after the company asked hospitals to suspend use of its oxygen regulator in heart bypass surgery after nine patients suffered unexpected drops in blood pressure.

Donna Karan International, a New York fashion designer, sold 10.8 million common shares at 24 each in an initial public offering. The shares closed at 28.

(Bloomberg, Reuters, Knight-Ridder, AP)

Yen Drops on Record Jobless Data

Compiled by Our Staff From Dispatches

NEW YORK — The yen fell against most major currencies Friday as record Japanese unemployment figures quashed lingering fears that Tokyo might increase interest rates.

"I think the markets immediately thought, 'No tightening by the Bank of Japan,'" said Guillermo Estebanez of the Bank of America. "That has been weighing on the dollar."

The unemployment figure "takes away the view of an imminent Japanese rate increase," said Seth Cohen, director of currency sales at Merrill Lynch. "That's firing up the dollar."

The dollar finished at 109.725 yen, up from 109.145 yen Thursday and at its highest rate in two years. Higher rates in Japan would make some investments there more attractive, helping the yen.

But the dollar failed to break the key 110 yen barrier, as a rally on the bond market lowered yields, making dollar investments less attractive.

FOREIGN EXCHANGE

"We tried and couldn't get over it," said Lizbeth Goldberg, a currency saleswoman at Bayerische Hypotheken- und Wechselbank. "It will take quite a push to go through it."

"As the dollar approached 110," said John Trammell, who manages currency investments for A. Gary Shilling, "there was a massive amount of selling."

Against other major currencies, the dollar rose to 1.5247 Deutsche marks from 1.5182 on Thursday, to 1.2539 Swiss francs from 1.2470, to 5.1550 French francs from 5.1335.

The pound was at $1.5530, up from $1.5493.

Traders discounted any effects from the communiqué issued by the leaders of the Group of Seven leading industrialized countries in Lyon.

"They said all week what they were going to say," said Margaret Kudaraskas of Technical Data.

The G-7 said it had welcomed the dollar's recovery from post-World War II lows last year, calling it "positive and promising." But the group stopped short of calling for a stronger dollar.

(Bloomberg, Reuters)

AMEX

Friday's 4 p.m. Close
The top 300 most-active shares, up to the closing on Wall Street.
The Associated Press

Stock	Sales	High	Low	Latest	Chge
AMC	294	27⅝	27	27¾	+1
ARC	951	3⅝	3⁹⁄₁₆	3⁹⁄₁₆	+⅜
ARM F pf	138	25⅝	25⅜	25⅝	+½
AckCom	177	27⅛	26¾	27⅛	+¼
Action	120	2⅛	2	2⅛	+⅛
AdvMed	2195	2¾	2⅝	2⅝	+⅛
AdvPhot	151	3⅝	3⅜	3⅝	+⅛
Aerosonic	141	2⅞	2⅞	2⅞	+⅛
AirWat	134	6¼	6⅛	6⅛	−⅛
AHoagen	489	12½	12⅜	12⅜	−⅛
AlldRsh	164	5½	5⅜	5⅝	+⅛
Alphain	274	8⅝	8⅜	8⅝	+⅜
AlpinGr	359	5⅛	4⅞	5	+¼
Amdhl	1001	10⅝	9⅞	10⅝	+1
AExpl	1049	12⅝	12	12½	+½
AIM 88	356	12⅝	12½	12⅝	—
Am List	209	26½	26	26½	+½
AmerPac	126	7⅝	7⅜	7⅜	+⅛
Ampal	301	4⅝	4½	4⅝	—
Ampex n	7076	9⅝	9	9⅝	+⅛
Andrea	208	14⅝	14¼	14½	+⅛
Atari	6791	6⅞	5⅝	5⅝	−⅛
Audvox	132	5⅝	5⅜	5⅝	+⅛
AudSurv	110	2⅜	2½	2⅜	+⅛
Autotote	2610	2⅜	1⅞	2⅛	−⅛
Azco	387	1⅛	1⅛	1⅛	−⅛
BAT Ind	2281	15⅞	15⅝	15⅞	+⅛
Baldw	192	3⅝	3½	3⅝	−⅛
BarrLb s	198	25⅝	24⅞	25⅛	−½
BemaGold	3340	3⅛	3⅛	3⅛	—
BenfPh wt	519	1⅛	1	1⅛	—
BioR A s	140	36	35	35⅛	+⅜
Biovail s	975	30⅜	29⅝	30⅛	+½
BlairCp	306	24	23⅝	23⅝	−¼
Blessings	355	10⅝	9⅞	10½	+⅜
BlondT n	230	15¼	14⅞	15⅛	+⅜
Bostnld n	380	12	11⅞	12	—
Bowmr	154	2	1⅞	2	—
Bowne	144	20⅝	19⅝	20⅛	+⅝
Brandyw	151	5⅝	5½	5⅝	+⅛
CEFmk	870	2⅛	2⅛	2⅛	+⅛
CFX Cp s	175	13⅛	12⅞	13	−⅛
Cablvsn	210	46½	46	46⅛	+⅜
Cablvs pf	130	26	25⅝	26	—
Cabletel	240	5⅛	5⅛	5⅛	+⅛
Calton	573	⅜	⅜	⅜	—
Cambior	220	13⅝	13⅛	13⅝	—
Cambrx	434	51⅛	49⅞	51⅛	+1⅛
CdnOc g s	139	16⅝	16⅜	16⅝	—
Cardtch n	186	3⅝	3⅜	3⅝	+⅛
CentenT s	673	30	29⅛	29⅜	+⅛
CFCda g	469	4⅞	4⅝	4⅝	—
ChadThr s	464	19	17½	18⅜	−½
ChmpH	163	10½	10⅛	10½	+⅛
CheySoft	3493	19⅝	19	19⅝	+½
Chief	538	20⅝	20⅛	20⅝	+⅛
Chiltnt pf	183	27⅝	27	27⅝	−⅛
CBFFin n	135	10⅛	10⅛	10⅛	—
Cbzinc	142	5⅝	5⅛	5⅛	+⅛
ColLb	2547	14⅝	12¼	14⅝	+2⅛
Comforce	363	26⅝	25	25⅝	+⅝
CommA n	8162	5⅝	5¼	5⅝	—

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	5687.30	5704.86	5652.04	5654.63	−22.90
Trans	2185.47	2194.03	2179.77	2181.76	+1.57
Util	216.74	220.86	215.90	220.30	+4.48
Comp	1847.15	1853.72	1842.42	1843.55	+0.46

Standard & Poors

	High	Low	Close	Chg.
Industrials	799.75	794.60	796.36	+1.40
Transp.	516.25	512.25	513.31	+0.99
Utilities	198.08	194.63	198.08	+3.45
Finance	67.64	67.23	67.33	+0.10
SP 500	672.68	668.55	670.63	+2.08
SP 100	650.54	646.26	647.53	+0.45

NYSE

	High	Low	Last	Chg.
Composite	359.78	357.58	359.21	+1.63
Industrials	458.77	456.10	457.36	+1.26
Transp.	330.76	328.18	329.79	+1.61
Utility	254.54	249.97	254.54	+4.57
Finance	296.65	294.95	295.89	+0.94

Nasdaq

	High	Low	Last	Chg.
Composite	1183.26	1173.70	1181.97	+15.96
Industrials	1106.86	1096.46	1106.86	+18.88
Banks	1073.31	1069.36	1072.99	+3.93
Insurance	1312.34	1302.09	1312.24	+14.88
Finance	1300.06	1295.58	1299.08	+5.27
Transp.	882.64	874.39	881.48	+10.30

AMEX

High	Low	Last	Chg.
576.83	570.13	576.81	+6.68

Dow Jones Bond

	Close	Chg.
20 Bonds	101.71	+0.31
10 Utilities	98.39	+0.29
10 Industrials	105.03	+0.34

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
BrlSti	89963	25⅝	25⅜	25⅝	+⅜
DmnaKrn n	74127	30⅛	28	28	
FedNM	30087	34⅞	33⅝	33⅝	−⅛
MicrnT	29313	26⅞	25⅞	25⅝	−⅜
Wstgh	28482	19⅛	18⅛	18⅝	−⅛
GenElec	25982	88	85⅞	86½	−1
PECO	24963	26⅛	25⅞	26	+1
PhilMr	24929	107¼	104	104	−⅞
Seagate	23410	45⅜	43½	45	+1
CocaCl s	22738	48¼	48⅛	48⅜	
GlmchRt	22558	17	16⅜	16⅝	+⅛
PepsiCo s	22167	35⅞	35⅛	35½	−⅛
IBM	21968	99⅝	98⅞	99¼	+⅛
TexInst s	21669	50⅛	48⅞	49⅞	−⅛
UCarb	21181	40¼	39	39⅛	

Nasdaq

	Vol.	High	Low	Last	Chg.
Iomega s	149081	31¼	28⅞	29	+1½
Cisco s	63317	57⅛	55⅛	56⅜	+1⅛
Oracle s	53808	40¼	38⅝	39⁵⁄₁₆	−⅛
ChkPnt n	54212	24⅝	19	24	
Intel	39602	74⅞	73⅛	73⅞	−⅝
3Com s	34517	46	45⅛	45⅝	+⅛
Siebels n	33663	35⅛	34⅞	30⅝	
AskMat s	32424	31¼	30⅛	30⅝	+⅛
Microsft	32072	121	119⅛	120⅛	+⅛
WP	31431	11⅞	10⅝	11¼	+¹³⁄₁₆
Omnipt n	31358	26⅝	25¾	26¼	+⅝
AmerOn s	30719	44⅛	42⅜	43⅝	−⅛
DellCpt s	30518	51⅛	48⅝	50⅝	+2⅛
TelepriC n	29796	19⅝	17⅛	19⅛	+1½
Ascend s	29752	57⅛	54	56⅛	

AMEX

	Vol.	High	Low	Last	Chg.
IvaxCp	61985	16⅛	15½	15⅝	+½
Metromda	28476	12⅞	11⅜	12¼	−⅝
Harken	9469	2⅝	2½	2⅝	
SPDR	8673	67⅞	66¹⁵⁄₁₆	67⅝	+⅜
CommA n	8162	5⅝	5¼	5⅝	—
CommA wt	7807	2	1½	1¾	—
EchoBay	7300	10⅞	10½	10⅝	—
ViacB	7230	38⅞	38½	38⅝	—
Ampex n	7076	9⅝	9	9⅝	+⅛
Atari	6791	6⅞	5⅝	5⅝	−⅛

Trading Activity

NYSE	Close	Prev.	Nasdaq	Close	Prev.
Advanced	1820	1324	Advanced	2596	1890
Declined	743	1037	Declined	1286	1965
Unchanged	624	797	Unchanged	1706	1725
Total issues	3187	3158	Total issues	5588	5580
New Highs	132	47	New Highs	132	59
New Lows	31	66	New Lows	72	123

AMEX	Close	Prev.
Advanced	392	259
Declined	176	299
Unchanged	180	180
Total issues	748	738
New Highs	25	11
New Lows	13	19

Market Sales

	Today Close	Prev. cons.
NYSE	462.11	479.38
Amex	32.87	38.74
Nasdaq	589.57	566.08

In millions.

Dividends

Company	Per	Amt	Rec	Pay
IRREGULAR				
CommSense Grt II	-	.005	6-28	7-15
Evergreen Bal A	-	.135	6-27	6-28
Evergreen Bal B	-	.11	6-27	6-28
Evergreen Bal Y	-	.143	6-27	6-28
Evergreen Value A	-	.112	6-27	6-28
Evergreen Val B	-	.073	6-27	6-28
Evergreen Val Y	-	.125	6-27	6-28
Inefficient Mkt	-	.60	7-23	7-26
STOCK SPLIT				
Goldcorp Inc A&B 2 for 1 split.				
Nelcor Puritan 2 for 1 split.				
Wood Bancorp 3 for 2 split.				
STOCK				
Independce Hold	x		7-1	7-1
INCREASED				
Commty SvgsFL	Q	.20	7-15	8-1
Fst Franklin	Q	.08	7-5	7-15
Hingham Inst Svg	Q	.09	7-11	7-22
Starwood Lodging	Q	.49	7-10	7-25
REDUCED				
CommSense Mun	M	.055	7-31	7-31
INITIAL				
Commonwlth Engy	-	.385	7-15	8-1
Evergrn TotalRn B	-	.224	6-27	6-28
Green Street Fin	-	.10	7-8	7-19
SPECIAL				
Viridian Inc	g	1.00	7-8	
DEFERRED				
Aetna Life	-			
REGULAR				
Algonquin Merc	g	.10	7-15	7-20
Ameron Intl	Q	.32	7-25	8-20
Burnham Fund A	Q	.13	6-28	7-9
CHC Helicop A	g	.10	7-9	8-6
Capital Bn Miami	-	.0833	7-8	7-22
Delmarva Power	Q	.385	7-12	7-31
Evergreen AmRet	Q	.107	6-27	6-28
Evergreen Fnd B	Q	.098	6-27	6-28
Evergreen Fnd Y	Q	.132	6-27	6-28
FL First Bncp	Q	.06	7-9	7-22
Hancock Fab Sel	M	.1031	7-12	7-29
ICN Pharmaceut	Q	.077	7-11	7-25
Keystone Intl	Q	.185	8-7	8-21
NY Bancorp	Q	.17	7-11	7-25
Pier 1 Import	Q	.04	8-7	8-21
Plenum Publish	Q	.30	7-10	7-23
Strawbridge Co A	Q	.275	7-15	8-1
Texarkana Fst	-	.1125	7-10	7-24

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semi-annual

Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a - dividend also extra (s). b - annual rate of dividend plus stock dividend. c - liquidating dividend. cld - called. d - new yearly low. e - dividend declared or paid in preceding 12 months. g - dividend in Canadian funds, subject to 15% non-residence tax. i - dividend declared after split-up or stock dividend. j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k - dividend declared or paid this year, an accumulative issue with dividends in arrears. n - new issue in the past 52 weeks. The high-low range begins with the start of trading. nd - next day delivery. P/E - price-earnings ratio. r - dividend declared or paid in preceding 12 months, plus stock dividend. s - stock split. Dividend begins with date of split. sls - sales. t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u - new yearly high. v - trading halted. vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd - when distributed. wi - when issued/ ww - with warrants. x - ex-dividend or ex-rights. xdis - ex-distribution. xw - without warrants. y- ex-dividend and sales in full. yld - yield. z - sales in full.

INTERNATIONAL FUTURES

June 28, 1996

Grains

	High	Low	Close	Chge	Opint
CORN (CBOT) 5,000 bu minimum- dollars per bushel					
Jul 96	5.18½	4.79	5.16¼	+0.34¼	22,179
Sep 96	3.97¾	3.84½	3.97¾	+0.12	72,889
Dec 96	3.62½	3.50½	3.61¼	+0.08¾	168,736
Mar 97	3.67	3.56½	3.66	+0.07¼	24,971
May 97	3.70	3.61½	3.68½	+0.07¼	4,801
Est. sales N.A. Thu's. sales 89,916					
Thu's open int 315,890 off 10709					
SOYBEAN MEAL (CBOT) 100 tons- dollars per ton					
Jul 96	244.80	239.30	243.50	+3.70	16,673
Aug 96	242.00	237.00	241.40	+3.80	22,609
Sep 96	239.80	236.50	239.50	+4.70	9,702
Oct 96	236.00	231.87	235.60	+5.10	5,257
Dec 96	235.50	230.04	234.60	+5.00	24,773
Jan 97	235.70	231.58	235.10	+5.80	2,614
Est. sales N.A. Thu's. sales 27,002					
Thu's open int 84,893 off 2119					
SOYBEAN OIL (CBOT) 60,000 lbs- dollars per 100 lbs.					
Jul 96	25.15	24.65	24.97	+0.23	9,137
Aug 96	25.35	24.85	25.16	+0.20	22,412
Sep 96	25.55	25.05	25.39	+0.24	11,300
Oct 96	25.71	25.28	25.57	+0.22	6,989
Dec 96	26.08	25.56	25.94	+0.28	28,432
Jan 97	26.14	25.88	26.06	+0.25	2,541
Est. sales N.A. Thu's. sales 37,849					
Thu's open int 84,188 off 578					
SOYBEANS (CBOT) 5,000 bu minimum- dollars per bushel					
Jul 96	7.77½	7.56	7.75½	+0.18	14,303
Aug 96	7.74	7.54	7.71¾	+0.16	29,630
Sep 96	7.58	7.42	7.57½	+0.15½	10,597
Nov 96	7.48	7.30	7.46¼	+0.14¼	96,324
Jan 97	7.53	7.40	7.52½	+0.13	8,647
Est. sales N.A. Thu's. sales 50,765					
Thu's open int 172,237 off 3204					
WHEAT (CBOT) 5,000 bu minimum- dollars per bushel					
Jul 96	4.82½	4.70½	4.78½		18,869
Sep 96	4.87	4.74	4.82½		30,365
Dec 96	4.96½	4.83	4.92¼	−0.00½	25,962
Mar 97	4.97	4.86½	4.93	−0.00½	2,868
Est. sales N.A. Thu's. sales 41,108					
Thu's open int 72,983 off 3635					

Livestock

	High	Low	Close	Chge	Opint
CATTLE (CMER) 40,000 lbs.- cents per lb.					
Aug 96	65.97	64.67	65.82	+0.85	37,822
Oct 96	67.72	66.62	67.35	+0.50	25,467
Dec 96	65.07	64.27	64.82	+0.37	11,474
Feb 97	64.10	63.50	63.92	+0.30	11,480
Apr 97	66.67	66.15	66.55	+0.23	3,794
Jun 97	65.55	65.05	65.30	+0.20	1,081
Est. sales 15,341 Thu's. sales 7,792					
Thu's open int 92,138 off 784					
FEEDER CATTLE (CMER) 50,000 lbs.- cents per lb.					
Aug 96	60.40	59.15	60.07		7,437
Sep 96	59.90	58.70	59.70	+0.13	2,802
Oct 96	60.40	59.07	59.85	+0.30	3,270
Nov 96	61.80	61.00	61.45	+0.15	2,545
Jan 97	63.40	62.60	62.97	+0.05	1,128
Mar 97	63.40	62.60	62.92	+0.15	768
Est. sales 3,392 Thu's. sales 1,977					
Thu's open int 20,687 off 67					
HOGS-Live(2/97 Lean) (CMER) 40,000 lbs.- cents per lb.					
Jul 96	55.85	55.12	55.22	−0.48	6,996
Aug 96	52.80	51.40	51.32	−1.10	11,598
Oct 96	49.07	48.25	48.32	−0.82	6,347
Dec 96	51.77	51.12	51.27	−0.45	4,660
Feb 97	74.90	73.97	74.30	−0.50	1,840
Apr 97	72.00	71.30	71.70	−0.30	479
Est. sales 6,641 Thu's. sales 6,634					
Thu's open int 34,720 off 312					
PORK BELLIES (CMER) 40,000 lbs.- cents per lb.					
Jul 96	75.22	73.02	73.12	−1.90	2,802
Aug 96	72.50	70.20	70.30	−1.70	3,427
Feb 97	76.00	75.00	75.12	−0.88	927
Mar 97	77.45	76.35	77.45	−0.25	36
May 97			79.20	−0.27	35
Est. sales 2,301 Thu's. sales 2,482					
Thu's open int 7,267 off 211					

Food

	High	Low	Close	Chge	Opint
COCOA (NCSE) 10 metric tons- $ per ton					
Jul 96	1368	1360	1352	−10	232
Sep 96	1412	1380	1384	−14	32,438
Dec 96	1437	1406	1413	−10	21,570
Mar 97	1461	1433	1439	−9	14,070
May 97	1449	1449	1453	−9	6,672
Est. sales 7,888 Thu's. sales 5,367					
Thu's open int 86,608 off 186					
COFFEE C (NCSE) 37,500 lbs.- cents per lb.					
Jul 96	128.20	124.50	126.95	+2.45	1,482
Sep 96	122.00	119.70	121.45	+2.25	15,125
Dec 96	119.25	116.00	117.90	+2.40	5,124
Mar 97	116.30	114.50	116.00	+2.70	1,440
Est. sales 9,984 Thu's. sales 4,447					
Thu's open int 23,819 up 57					
SUGAR-WORLD 11 (NCSE) 112,000 lbs.- cents per lb.					
Jul 96	12.85	12.15	12.43	−0.16	4,814
Oct 96	11.43	11.07	11.15	−0.26	71,584
Mar 97	11.02	10.81	10.84	−0.19	34,612
May 97	10.76	10.59	10.63	−0.15	13,146
Est. sales 38,482 Thu's. sales 31,057					
Thu's open int 140,870 off 4957					
ORANGE JUICE (NCTN) 15,000 lbs.- cents per lb.					
Jul 96	122.85	121.90	122.50	+0.35	2,896
Sep 96	120.20	119.40	119.75	+0.15	10,350
Nov 96	117.10	116.45	116.90	+0.40	2,128
Jan 97	115.50	114.75	115.30	+0.10	3,803
Est. sales N.A. Thu's. sales 1,998					
Thu's open int 19,719 off 349					

Metals

	High	Low	Close	Chge	Opint
GOLD (NCMX) 100 troy oz.- dollars per troy oz.					
Jul 96			380.10	−1.90	6
Aug 96	384.00	381.50	381.60	−2.00	88,442
Sep 96			382.90		
Oct 96	386.50	384.00	384.20	−2.10	7,458
Dec 96	389.30	386.50	386.70	−2.20	38,828
Feb 97	390.90	390.00	389.20	−2.20	6,530
Apr 97	394.00	393.00	391.60	−2.40	6,313
Jun 97			394.20	−2.48	8,610
Est. sales 27,000 Thu's. sales 28,494					
Thu's open int 196,914 up 1431					
HI GRADE COPPER (NCMX) 25,000 lbs.- cents per lb.					
Jul 96	93.95	90.80	91.85	+1.05	7,080
Aug 96	92.25	91.00	91.70	+1.70	2,889
Sep 96	92.40	89.00	90.40	+0.90	28,231
Oct 96	91.50	90.50	90.60	+0.90	1,281
Nov 96	90.00	90.00	90.35	+0.90	1,886
Dec 96	91.60	88.50	90.10	+0.90	12,089
Jan 97			89.95	+0.85	821
Feb 97	90.50	90.50	89.85	+0.80	653
Mar 97	91.50	87.30	89.80	+0.80	4,848
Est. sales 10,080 Thu's. sales 17,334					
Thu's open int 58,260 off 684					
SILVER (NCMX) 5,000 troy oz.- cents per troy oz.					
Jul 96	502.0	495.5	497.9	−6.3	14,439
Aug 96			500.6	−0.5	17
Sep 96	508.0	501.0	503.5	−0.5	57,421
Dec 96	516.0	509.8	511.4	−0.7	20,356
Jan 97			514.8	−0.8	20
Mar 97	524.0	520.0	519.4	−0.9	5,467
May 97	527.0	527.0	524.6	−1.0	5,418
Jul 97	535.0	527.0	529.9	−1.0	4,073
Est. sales 34,800 Thu's. sales 67,568					
Thu's open int 109,629 off 971					
PLATINUM (NMER) 50 troy oz.- dollars per troy oz.					
Jul 96	392.80	388.50	389.30	−1.60	2,636
Oct 96	395.50	392.50	393.30		19,768
Jan 97	398.00	397.00	396.20	−0.10	2,272
Apr 97	397.50	397.50	399.00	−0.10	2,348
Jul 97	402.30	402.30	402.20	−0.10	34
Est. sales N.A. Thu's. sales 4,665					
Thu's open int 26,878 off 733					

LONDON METALS (LME) Dollars per metric ton

	Close		Previous	
Aluminum (High Grade)				
Spot	1470.00	1472.00	1479½	1480½
Forward	1509.00	1509½	1516.00	1516½
Copper Cathodes (High Grade)				
Spot	2005.00	2010.00	1963.00	1968.00
Forward	1962.00	1965.00	1918.00	1920.00
Lead				
Spot	793.00	794.00	794.00	795.00
Forward	801.00	802.00	802.00	803.00
Nickel				
Spot	7645.00	7655.00	7615.00	7625.00
Forward	7760.00	7765.00	7725.00	7735.00
Tin				
Spot	6295.00	6305.00	6245.00	6255.00
Forward	6325.00	6300.00	6280.00	6290.00
Zinc (Special High Grade)				
Spot	1015.00	1016.00	1007.00	1008.00
Forward	1042.00	1043.00	1034.00	1035.00

Financial

	High	Low	Close	Chge	Opint
US T. BILLS (CMER) $1 million- pts of 100 pct.					
Sep 96	94.86	94.77	94.80	+0.03	5,793
Dec 96	94.66	94.56	94.62	+0.08	1,495
Mar 97	94.51	94.39	94.51	+0.15	50
Est. sales N.A. Thu's. sales 637					
Thu's open int 7,338 up 145					
5 YR. TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct					
Sep 96	105-28	105-04	105-24	+ 145	153,458
Dec 96	105-12	104-31	105-08	+ 16	3,413
Est. sales N.A. Thu's. sales 24,079					
Thu's open int 156,871 off 2018					
10 YR. TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct					
Sep 96	107-22	106-19	107-16	+ 23	279,883
Dec 96	107-08	106-05	106-28	+ 23	10,685
Mar 97			106-17	+ 23	221
Est. sales N.A. Thu's. sales 54,424					
Thu's open int 290,450 off 7457					
US TREASURY BONDS (CBOT) (8 pct-$100,000-pts & 32nds of 100 pct)					
Sep 96	109-24	108-07	109-17	+1 04	401,162
Dec 96	109-06	107-29	109-00	+1 04	16,582
Mar 97	108-23	107-18	108-19	+1 03	2,880
Jun 97	108-10	107-20	108-07	+1 03	622
Est. sales N.A. Thu's. sales 210,237					
Thu's open int 451,180 off 17562					
LONG GILT (LIFFE) £50,000 - pts & 32nds of 100 pct					
Sep 96	106-22	105-27	106-20	+ 0-31	113,450
Dec 96	N.T.	N.T.	105-28	+ 0-31	0
Est. sales: 66,400. Prev. sales: 27,952					
Prev. open int.: 113,450 up 68					
GERMAN GOVERNMENT BUND (LIFFE) DM250,000 - pts of 100 pct					
Sep 96	95.87	95.31	95.70	+ 0.64	202,523
Dec 96	94.90	94.61	94.80	+ 0.64	2,192
Est. sales: 150,022. Prev. sales: 106,203					
Prev. open int.: 204,715 up 2,412					
10-YEAR FRENCH GOV. BONDS (MATIF) FF500,000 - pts of 100 pct					
Sep 96	122.06	121.34	122.00	+0.90	158,327
Dec 97	120.68	120.04	120.66	+0.86	25,400
Mar 97	119.90	119.90	120.50	+0.86	1,055
Est. volume: 157,192. Open int.: 184,782 off 572.					
ITALIAN GOVERNMENT BOND (LIFFE) ITL 200 million - pts of 100 pct					
Sep 96	116.88	116.36	116.78	+ 0.55	60,054
Dec 96	N.T.	N.T.	116.03	+ 0.55	446
Est. sales: 35,085. Prev. sales: 34,040					
Prev. open int.: 60,500 up 1,612					
EURODOLLARS (CMER) $1 million-pts of 100 pct					
Jul 96	94.410	94.380	94.400	+20	21,125
Aug 96	94.340	94.300	94.340	+30	7,534
Sep 96	94.300	94.210	94.270	+30	412,963
Dec 96	94.080	93.910	94.010	+80	426,256
Mar 97	93.950	93.720	93.890	+130	297,603
Jun 97	94.530	93.520	93.700	+150	236,070
Sep 97	93.600	93.350	93.540	+150	213,002
Mar 00	92.950	92.830	92.900	+90	31,077
Est. sales N.A. Thu's. sales 322,751					
Thu's open int 2,503,030 up 6197					
BRITISH POUND (CMER) 62,500 pounds, $ per pound					
Sep 96	1.5538	1.5460	1.5516	+32	43,846
Dec 96	1.5542	1.5480	1.5522	+32	1,812
Mar 97			1.5528	+32	6
Est. sales N.A. Thu's. sales 17,275					
Thu's open int 44,964 up 1887					
CANADIAN DOLLAR (CMER) 100,000 dollars, $ per Cdn. dlr					
Sep 96	.7352	.7328	.7344	−7	31,701
Dec 96	.7362	.7344	.7355	−7	3,008
Mar 97	.7372	.7365	.7366	−7	397
Jun 97	.7368	.7368	.7371	−7	317
Est. sales N.A. Thu's. sales 4,287					
Thu's open int 35,521 up 343					
GERMAN MARK (CMER) 125,000 marks, $ per mark					
Sep 96	.6625	.6588	.6594	−34	53,332
Dec 96	.6649	.6631	.6632	−35	1,948
Mar 97			.6673	−36	23
Est. sales N.A. Thu's. sales 19,506					
Thu's open int 55,303 off 565					
JAPANESE YEN (CMER) 12.5 million yen, $ per 100 yen					
Sep 96	.009267	.009197	.009227	−42	70,864
Dec 96	.009355	.009312	.009338	−42	3,656
Mar 97			.009455	−42	143
Est. sales N.A. Thu's. sales 14,606					
Thu's open int 74,663 up 1730					
SWISS FRANC (CMER) 125,000 francs, $ per franc					
Sep 96	.8074	.8025	.8030	−44	35,233
Dec 96	.8117	.8095	.8082	−46	1,177
Mar 97			.8139	−46	58
Est. sales N.A. Thu's. sales 14,419					
Thu's open int 36,467 off 929					
3-MONTH STERLING (LIFFE) £500,000 - pts of 100 pct					
Sep 96	94.26	94.22	94.25	+0.04	84,427
Dec 96	94.12	94.04	94.10	+0.07	82,778
Mar 97	93.76	93.68	93.76	+0.09	56,926
Jun 97	93.28	93.22	93.28	+0.08	42,097
Sep 97	92.89	92.82	92.89	+0.08	28,187
Dec 97	92.60	92.51	92.59	+0.09	22,119
Mar 98	92.32	92.28	92.33	+0.08	15,865
Jun 98	92.18	92.12	92.17	+0.09	10,894
Sep 98	92.03	91.98	92.06	+0.11	8,566
Dec 98	91.98	91.89	91.98	+0.12	8,495
Mar 99	91.83	91.79	91.87	+0.12	2,011
Jun 99	91.73	91.69	91.77	+0.12	1,157
Est. sales: 41,961. Prev. sales: 35,932					
Prev. open int.: 364,322 up 963					
3-MONTH EUROMARK (LIFFE) DM1 million - pts of 100 pct					
Sep 96	96.59	96.57	96.58	+0.03	196,844
Dec 96	96.40	96.36	96.38	+0.04	207,516
Mar 97	96.09	96.02	96.07	+0.07	192,543
Jun 97	95.72	95.65	95.69	+0.07	112,391
Sep 97	95.34	95.27	95.31	+0.06	88,586
Dec 97	95.00	94.95	94.97	+0.05	64,681
Mar 98	94.73	94.66	94.69	+0.06	37,130
Jun 98	94.41	94.37	94.41	+0.06	27,989
Sep 98	94.18	94.12	94.16	+0.07	20,000
Dec 98	93.92	93.88	93.91	+0.07	18,546
Mar 99	93.72	93.68	93.71	+0.07	15,593
Jun 99	93.50	93.48	93.51	+0.07	3,477
Est. sales: 108,330. Prev. sales: 205,500					
Prev. open int.: 986,316 up 8,292					
3-MONTH PIBOR (MATIF) FF5 million - pts of 100 pct					
Sep 96	96.01	95.96	96.00	+0.09	69,033
Dec 96	95.83	95.78	95.82	+0.11	43,562
Mar 97	95.59	95.50	95.58	+0.12	24,052
Jun 97	95.33	95.24	95.32	+0.12	16,584
Sep 97	95.09	94.98	95.09	+0.13	11,281
Dec 97	94.85	94.77	94.85	+0.11	7,642
Mar 98	94.62	94.57	94.63	+0.11	7,558
Jun 98	94.44	94.32	94.40	+0.11	5,813
Sep 98	94.16	94.13	94.17	+0.08	3,597
Dec 98	93.93	93.86	93.90	+0.04	3,804
Mar 99	93.73	93.67	93.72	+0.07	5,645
Jun 99	93.52	93.48	93.52	+0.07	570
Est. volume: 60,064. Open int.: 197,835 up 583.					
3-MONTH EUROLIRA (LIFFE) ITL 1 million - pts of 100 pct					
Sep 96	91.90	91.82	91.86	+0.06	62,009
Dec 96	92.20	92.15	92.17	+0.05	37,092
Mar 97	92.40	92.34	92.36	+0.05	20,491
Jun 97	92.31	92.28	92.37	+0.04	11,143
Sep 97	92.12	92.09	92.11	+0.06	6,149
Dec 97	91.91	91.86	91.90	+0.06	2,505
Est. sales: 22,434. Prev. sales: 35,076					
Prev. open int.: 140,597 up 1,778					

Industrials

	High	Low	Close	Chge	Opint
COTTON 2 (NCTN) 50,000 lbs.- cents per lb.					
Jul 96	73.45	70.50	70.65	−0.63	731
Oct 96	74.80	71.85	72.09	−0.97	8,120
Dec 96	73.65	72.80	73.12	−0.67	32,620
Mar 97	77.05	74.30	74.55	−0.85	6,990
May 97	77.80	75.50	75.45	−0.60	4,570
Jul 97	78.00	76.30	76.05	−0.85	3,458
Est. sales N.A. Thu's. sales 7,857					
Thu's open int 59,890 off 565					
HEATING OIL (NMER) 42,000 gal- cents per gal					
Jun 96	54.20	53.05	53.40	−0.24	6,249
Aug 96	54.45	53.20	53.80	+0.03	26,336
Sep 96	54.55	53.65	54.30	+0.23	18,250
Oct 96	54.90	54.10	54.50	−0.02	5,603
Nov 96	55.25	54.50	55.00	+0.03	7,081
Dec 96	55.70	54.95	55.60	+0.18	18,240
Jan 97	55.70	55.60	55.60	−0.02	8,217
Feb 97	55.10	55.00	55.05	+0.03	4,690
Mar 97	53.55	53.30	53.45	−0.07	2,112
May 97	50.25	50.25	50.25	−0.02	7,305
Est. sales N.A. Thu's. sales 38,928					
Thu's open int 95,288 up 1106					
LIGHT SWEET CRUDE (NMER) 1,000 bbl.- dollars per bbl.					
Aug 96	21.25	20.71	20.84	−0.18	93,815
Sep 96	20.33	19.93	20.05	−0.07	44,953
Oct 96	19.62	19.39	19.44	−0.09	31,416
Nov 96	19.22	18.30	19.80	−0.10	22,084
Dec 96	18.95	18.70	18.75	−0.06	31,607
Jan 97	18.58	18.48	18.57	−0.03	21,228
Feb 97	18.55	18.35	18.35	−0.09	18,800
Mar 97	18.30	18.30	18.30		11,597
Apr 97	18.20	18.17	18.19	+0.01	6,226
May 97	18.10	18.08	18.10	+0.02	4,973
Jun 97	18.03	17.95	18.03	+0.02	17,774
Jul 97	17.95	17.95	17.95	+0.01	5,263
Sep 97	17.72	17.72	17.72	−0.08	3,054
Est. sales N.A. Thu's. sales 123,375					
Thu's open int 366,377 up 12214					
NATURAL GAS (NMER) 10,000 mm btu's, $ per mm btu					
Aug 96	2.980	2.785	2.905	+118	42,156
Sep 96	2.910	2.760	2.805	+49	20,681
Oct 96	2.840	2.745	2.760	+23	18,586
Nov 96	2.840	2.745	2.770	+20	12,329
Dec 96	2.865	2.792	2.800	+15	14,618
Jan 97	2.860	2.785	2.880	+20	10,629
Feb 97	2.730	2.670	2.705	+37	6,578
Mar 97	2.530	2.495	2.500	+25	4,460
Apr 97	2.330	2.305	2.315	+20	2,874
May 97	2.235	2.220	2.220	+20	2,602
Jun 97	2.200	2.175	2.185	+20	2,581
Est. sales N.A. Thu's. sales 4,465					
Thu's open int 156,126 up 4364					
UNLEADED GASOLINE (NMER) 42,000 gal- cents per gal					
Jun 96	60.40	58.50	59.70	+0.34	8,436
Aug 96	60.30	58.40	60.00	+0.65	25,014
Sep 96	59.50	58.00	59.15	+0.55	8,022
Oct 96	57.20	56.30	57.20	+0.45	2,304
Nov 96	55.60	55.40	55.60	+0.20	1,489
Dec 96	54.50	54.45	54.50		1,465
Est. sales N.A. Thu's. sales 35,202					
Thu's open int 49,136 up 942					
GASOIL (IPE) U.S. dollars per metric ton - lots of 100 tons					
July 96	169.25	165.75	167.75	−0.25	16,271
Aug 96	167.25	164.50	166.00	−0.75	12,907
Sep 96	166.50	164.00	165.50	−0.25	7,882
Oct 96	166.50	164.75	166.00	Unch.	3,346
Nov 96	166.75	165.25	166.00	−0.50	1,540
Dec 96	167.50	165.50	166.25	−0.50	9,794
Jan 97	N.T.	N.T.	165.75	−0.50	1,844
Feb 97	163.00	162.25	163.75	−0.50	478
Mar 97	163.00	160.50	161.75	−0.50	677
Apr 97	N.T.	N.T.	159.75	−0.50	151
May 97	N.T.	N.T.	158.25	−0.50	102
Jun 97	156.50	153.75	156.75	−0.50	1,942
Est. sales: 20,131. Open int.: 56,984 off 2,044					
BRENT OIL (IPE) U.S. dollars per barrel - lots of 1,000 barrels					
Aug 96	19.20	18.90	18.91	+ 0.04	51,757
Sep 96	18.60	18.27	18.30	+ 0.08	42,250
Oct 96	18.16	17.89	17.98	Unch.	20,514
Nov 96	17.85	17.67	17.48	−0.02	6,032
Dec 96	17.58	17.42	17.43	−0.05	13,002
Jan 97	17.32	17.20	17.21	−0.07	11,460
Feb 97	N.T.	N.T.	17.03	−0.09	5,380
Mar 97	N.T.	N.T.	16.88	−0.09	4,094
Apr 97	N.T.	N.T.	16.77	−0.09	3,186
July 96	N.T.	N.T.	16.47	−0.10	1,441
Est. sales: 36,310. Open int.: 161,427 up 2,031					

Stock Indexes

	High	Low	Close	Chge	Opint
S&P COMP. INDEX (CMER) 500 x index					
Sep 96	678.40	672.75	673.80	+2.75	171,217
Dec 96	684.60	680.30	682.30	+3.10	6,357
Mar 97	691.00	686.90	690.00	+4.15	1,075
Est. sales N.A. Thu's. sales 60,477					
Thu's open int 178,643 up 1618					
FTSE 100 (LIFFE) £25 per index point					
Sep 96	3712.0	3682.0	3699.0	+ 27.0	60,520
Dec 96	N.T.	N.T.	3721.0	+ 27.0	1,145
Est. sales: 10,906. Prev. sales: 8,059					
Prev. open int.: 61,665 up 771					
CAC 40 (MATIF) FF200 per index point					
Jun 96	2131.0	2115.0	2123.4	+14.90	11,999
Jul 96	2128.0	2113.0	2117.0	+10.00	35,597
Aug 96	2127.0	2120.5	2124.0	+10.00	1,403
Sep 96	2138.0	2127.0	2130.5	+10.00	20,144
Dec 96	2157.5	2155.5	2152.0	+10.50	4,025
Mar 97	0.00	0.00	2175.0	+10.50	4,645
Sep 97	0.00	0.00	2164.0	+10.50	4,763
Mar 98	2217.5	2217.5	2221.0	+10.50	1,870
Est. volume: 41,587. Open int.: 84,670 off 7,048.					

Commodity Indexes

	Close	Previous
Moody's	N.A.	1,511.60
Reuters	2,009.50	1,993.70
D.J. Futures	143.40	142.54
CRB	249.31	249.37

Lonrho Plans to Split Its Trading, Hotels and Mining Interests

Reuters

LONDON — Lonrho PLC said Friday it planned a three-way split before the end of the year by separating its hotels and trading businesses from its mining operations.

"We expect the transactions to be completed by the end of this year," Dieter Bock, chief executive, said.

The conglomerate's mining operations, which include coal and platinum activities in South Africa and a 37 percent stake in Ghana's Ashanti Goldfields, will continue as Lonrho PLC, Mr. Bock said.

The hotels business will be floated off as a new company first, followed by the worldwide trading arm later this year in a move designed to streamline Lonrho's activities.

To pave the way for the hotel deal, Lonrho agreed with Libyan Arab Investment Co. to buy its one third holding in Metropole Hotels (Holdings) Ltd. for $389 million in cash.

On Friday, Lonrho announced it had raised first-half pretax profit after exceptional items by £8 million (12.48 million), to £60 million, slightly below forecasts, and kept its dividend at 2.25 pence.

Mr. Bock said Lonrho would not retain any stakes in either the hotel or trading businesses, which include hundreds of companies involved in a broad span of products such as sugar, car equipment and textiles.

Through the flotations, Lonrho said it aimed to raise enough money to make all three companies virtually debt-free.

Initial plans to spin off the mining operations, eyed by Anglo-American Corp. of South Africa, were abandoned because of "significant tax and commercial disadvantages."

Anglo-American, which has expressed an interest in the African gold mining assets and the South African coal operations, has an option to raise its stake in Lonrho to more than 28 percent.

Lonrho declined to elaborate on the tax drawbacks of any mining demerger, but hinted that such a move would raise less money than floating off the hotels business.

With the purchase of the Libyan-owned hotel stake, Lonrho is now in full control of the Metropole chain, which has hotels in London, Birmingham and Brighton.

The hotels business also incorporates nine Princess hotels in the United States and the Caribbean and seven in Africa.

Lonrho was built up by entrepreneur Tiny Rowland in 30 years of aggressive acquisitions before he was removed last year and Mr. Bock took over the helm.

Last year, Mr. Bock immediately set out to simplify Lonrho's structure and unearth hidden value by announcing a platinum mining merger with Anglo-American's South African rival Gencor Ltd.

But the link-up was blocked by the European Union two months ago because it feared the new entity would be a too powerful force in platinum markets. Mr. Bock indicated he saw no possibility of reviving the merger plan.

Spain Accelerates Privatization Plans

Compiled by Our Staff From Dispatches

MADRID — The cabinet approved a plan Friday to speed the sale of state-owned companies to try to reduce Spanish debt and help the country qualify for European economic and monetary union.

The first of four groups of companies in which shares are to be sold will be listed companies that are the most profitable and are likely to generate the most interest. They include the energy company Repsol SA, Argentaria Corporación Bancaria de España SA, Telefónica de España SA, Gas Natural SDG, Tabacalera SA.

Those five companies alone already account for about 32 percent of the capitalization on the IBEX stock index, and have a total market capitalization of 3.24 trillion pesetas ($25.31 billion).

By relinquishing control of the companies, the government aims not only to earn needed cash, but to stimulate the economy by fomenting competition.

"This is not a matter of selling these companies to the highest bidder, but an instrument of economic policy," Josep Piqué, Spain's industry minister, said.

Labor leaders rejected the plan, saying selling off the companies would threaten jobs. Union leaders are to meet July 10 to coordinate their opposition to the asset sale.

Mr. Piqué said revenue from the sales would "never go to cover a deficit in current spending." He said the money would be used for investment in infrastructure or to pay off existing government debt. "That's a way to confront the structural deficit, because it eliminates debt service, not only this year, but in the years to come."

Mr. Piqué said that while the government encouraged Spanish companies to buy part of the assets, it was not interested in forming a "hard core" of Spanish corporate shareholders in any of the companies.

Under the plan, the government will take in about 600 billion pesetas through the end of 1997, according to unofficial estimates.

Spain needs the extra income from the sales to reduce its public-sector deficit to 3.0 percent of gross domestic product in 1997, the requirement for entering European monetary union.

Empresa Nacional de Electricidad, in which the state has a 66 percent stake, is expected to be sold in several public offers once further progress in the liberalization of the electricity sector has been made, Mr. Piqué said.

Fund managers said Spain would not have difficulty selling its industrial and financial portfolio even though it comes at a time when other governments are also selling state holdings.

"My instincts tell me there's sufficient liquidity in the market to absorb all that paper," said Juan Pablo Jimeno, a fund manager at BSN Gestion.

Mr. Piqué said a more detailed program of privatizations would be announced shortly, adding that in some cases employees would be offered shares in the companies. *(Bloomberg, AFX)*

Jobless Total In France Approaches Record High

Reuters

PARIS — Nearly 31,000 more people joined the rolls of the unemployed in France last month, bringing the jobless rate to 12.4 percent of the work force, just short of an all-time high, the Labor Ministry said Friday.

Ministry figures showed 30,800 more job seekers in May than in April, lifting the unemployment total to 3,042,800.

That meant an increase in the jobless rate of 1 percentage point, to 12.4 percent, using International Labor Organization standards.

France's unemployment rate peaked at 12.5 percent in March 1994.

The figures made for unwelcome news for the conservative French government of Prime Minister Alain Juppé, who is trying to reduce public spending and rein in public deficits.

Economists said the unemployment data showed the economy was still struggling after a sharp rebound in the first three months, which followed a drop in consumption in November and December when strikes disrupted France.

"The figures show that morale has not really returned to the French economy," said Jean-François Mercier, economist at Salomon Brothers Inc.. "Clearly, there will be a slowdown in growth in the second quarter."

The May jobless figures follow gloomy growth and unemployment predictions also published Friday by INSEE, the French national statistics institute.

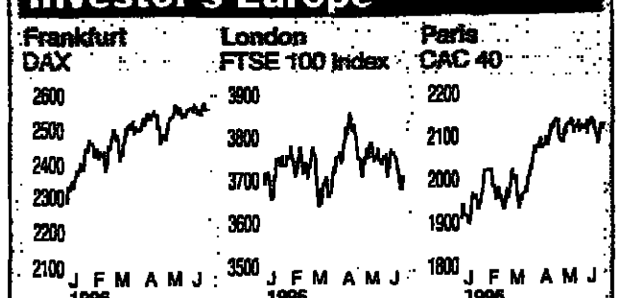
Economic growth would slow to an average 1.3 percent this year from 2.2 percent in 1995, with the second half of 1996 showing a pick-up in activity, INSEE said in its latest economic outlook.

But that second-half recovery would not be enough to stop the unemployment rate rising and it could hit 12.5 percent by the end of the year, the institute said.

The Labor Ministry revised April's unemployment figures to show the jobless rate at 12.3 percent, up from a previous 11.9 percent.

The statistics, along with other recent data on low consumption and confidence levels, prompted economists to look to the Bank of France to cut interest rates to stimulate activity.

Investor's Europe



Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam	EOE	560.33	556.48	+0.69
Brussels	Stock Exchange	9,476.45	9,467.70	+0.09
Frankfurt	DAX	2,561.39	2,551.82	+0.38
Copenhagen	Stock Market	408.29	407.69	+0.15
Helsinki	HEX General	2,009.76	1,990.14	+0.99
Oslo	OBX	455.08	452.84	+0.49
London	FTSE 100	3,711.00	3,678.80	+0.88
Madrid	Stock Exchange	373.27	371.03	+0.60
Milan	MIBTEL	10,499.00	10,445.00	+0.52
Paris	CAC 40	2,123.70	2,112.85	+0.51
Stockholm	SX 16	2,069.19	2,041.87	+1.34
Vienna	ATX	1,090.14	1,092.57	-0.22
Zurich	SPI	2,407.04	2,389.54	+0.73

Source: Telekurs — International Herald Tribune

Very briefly:

- **Britain's economy** grew at a 1.9 percent rate in the first quarter of 1996, down from a previous estimate of 2.0 percent, while consumer spending rose 0.9 percent.
- **Costain Group PLC,** whose shares fell 44 percent Wednesday, will announce "significant corporate developments" early next week, its finance director said. He described the moves as "positive," without providing details.
- **Scotland** has permitted **Caledonia Mining Corp.** of Canada to develop a commercial gold mine in Cononish.
- **British Telecommunications PLC** faces new competition next week when **AT&T Corp.** launches a consumer phone service that will be up to 40 percent cheaper than BT's.
- ***Von Roll Holding AG** of Switzerland said it was selling its* domestic steel division to **Von Moos Holding AG.**
- **Compagnie Financiere Richemont AG** said its **Rothmans International** tobacco unit had bought **Burrus Group,** a Swiss cigarette maker. Terms were not disclosed.
- **The Helsinki Stock Exchange** has launched a home page on the Wide World Web to offer such information as listings and share-price data. The address is http://www.hse.fi
- **Franco Tato** has been approved as chief executive of **ENEL SpA.** The former publishing executive was selected by the Treasury, which controls the Italian electrical utility.
- **The Hague** will decide by the end of the year on the partial or full privatization of **Amsterdam Airport Schiphol NV,** Transport Minister Annemarie Jorritsma and Finance Minister Gerrit Zalm told Parliament.
- **Thomson SA's** buyer must be selected this autumn, its chairman said, if Paris is to meet its deadline of privatizing the electronics and defense giant by the end of the year.
- **The European Commission** said it had cleared an alliance between **Banque Nationale de Paris SA** and **Dresdner Bank AG** that will allow the banks to sell each other's services.
- ***Mannesmann** AG said profit in the first five months of* 1996 was up "slightly" due to a 6 percent increase in sales, driven by telecommunications, to 12.4 billion Deutsche marks ($8.13 billion).

Reuters, Bloomberg, AFP, AFX

Philips Lets PolyGram Enter MGM Bidding

By Geraldine Fabrikant
New York Times Service

NEW YORK — The board of Philips NV, the Dutch electronics conglomerate that owns 75 percent of PolyGram NV, has voted to allow PolyGram to bid for Metro-Goldwyn-Mayer Inc., according to several people close to the discussions.

Lazard Freres & Co., an investment house handling the sale, had set a deadline of June 24 for offers for MGM. But Alain Levy, chairman, had not submitted a bid by Thursday because PolyGram needed the approval of the Philips board, which met that day in the Dutch city of Eindhoven. Moreover, the PolyGram head was reportedly concerned about MGM's value.

There had been reports that MGM might fetch as much as $1.5 billion. But the offers that emerged in recent days were closer to $1.1 billion to $1.2 billion, according to several executives involved in the talks. It was not clear how much PolyGram would offer.

Some bidders have already dropped out. For example, Frank G. Mancuso, MGM's chief executive, was unable to put together an offer with a group of equity investors.

Of the remaining bidders, Morgan Creek Productions, an independent production company that releases its films through Warner Brothers Inc., is said to have bid about $1.2 billion. That bid would include about $300 million in equity financing from Daewoo Corp. of South Korea and the Japanese broadcaster, Fuji Sankei, according to people close to the negotiations.

Meanwhile, a bid from New Regency is said to have run into problems, in part because the Australian financier Kerry Packer declined to make a needed additional equity investment. Mr. Packer is already an investor in New Regency.

Chase Manhattan Bank, already a major lender to Time Warner Inc., is reportedly willing to put up as much as $650 million to back New Regency or Morgan Creek. Both bidders distribute through Warner Brothers, which would like access to the MGM film library.

Yet another bidder, Safari Acquisition, has assembled an offer, with financing from Asia, said to be in the area of $1.2 billion.

WORLD STOCK MARKETS

Friday, June 28
Prices in local currencies.
Telekurs

Amsterdam
EOE index: 560.33 — Previous: 556.48

	High	Low	Close	Prev.
ABN-AMRO	91.60	90	91.60	90.30
Aegon	78.80	78.30	78.60	78.20
Ahold	93.30	92.30	92.50	92.50
Akzo Nobel	206.50	204.10	204.50	204.10
Bols Wess cva	29	28.30	28.60	28.70
CSM cva	81.80	80.30	81.80	80.20
Dordtsche Pet	279.40	276.10	279.40	275.90
DSM	169.50	168.30	169.50	168.50
Elsevier	25.90	25.50	25.90	25.50
Fortis Amev	48.90	48.10	48.90	48.30
G-Broc cva	58.50	55.20	56.30	55.70
Hagemeyer	122.70	120.40	121.60	122
Heineken	383.20	380.50	381.40	382.50
Hoogovens	64.40	63	63.20	64.20
Hunt Douglas	117	116	116.50	117
ING Group	51.20	50.50	50.90	51.30
KLM	54.80	53.50	54.60	53.40
KNP BT	41	40.60	40.90	40.80
KPN	64.70	63.60	64.60	63.80
Nedlloyd Gp	39.60	39	39.30	39.30
Nutricia	181.50	179.20	180.50	178.50
Oce Grinten	181.50	175.50	180.80	174.60
Pakhoed	44.70	44.40	44.50	44.80
Philips Elec	55.50	54.70	55.50	54.80
Polygram	101.20	100.10	100.80	100.30
Randstad Hdg	127	125.60	126	126
Robeco	128.50	127.90	128.20	127.80
Rodamco	49.70	49.50	49.50	49.70
Rolinco	139.20	138.70	139.20	139
Rorento	97.40	97	97.40	96.80
Royal Dutch	264.20	261.50	263.60	262.20
Stork	49	48.70	49	48.70
Unilever cva	247.10	245.80	247	244.60
VNU	26.80	26	26.50	26
Wolters Kl cva	193.90	191.10	193.90	191.30

Bangkok
SET index: 1247.88 — Previous: 1237.10

	High	Low	Close	Prev.
Adv Info Svc	408	394	398	396
Bangkok Bk F	354	344	344	346
Krung Thai Bk	116	113	116	115
PTT Explor	372	366	372	370
Siam Cement F	1252	1246	1246	1246
Telecomasia	54	53	54	53
Thai Airways	54	53	54	54
Thai Farm Bk F	280	276	278	272
Thai Teleph	55	54	54.50	55
Utd Comm	334	324	334	326

Bombay
Thursday, June 27
Sensitive index: 3849.11 — Previous: 3792.75

	High	Low	Close	Prev.
Assoc Cement	2450	2375	2449	2412.75
Grasim Ind	572	557.50	572	564.50
Hindalco Ind	1250	1210	1241.25	1216.75
Indust Lever	838	822	837.50	828.75
Indian Hotels	838.25	810	829	825.50
ITC	318	307.25	317.25	313.25
Larsen Toubro	293.50	284.50	293.25	288
Reliance Ind	218.75	207.25	218.50	210.75
Tata Eng Loco	514.75	505	513	509
Tata Iron St	249	242.50	248.50	243.75

Brussels
Stock Exchange index: 9476.45 — Previous: 9467.70

	High	Low	Close	Prev.
Arbed	3590	3560	3585	3590
Barco Ind	5020	5000	5020	5010
BBL	5870	5800	5840	5810
Bekaert	25250	24950	25250	24975
CBR	2385	2350	2350	2380
CMB	2565	2520	2530	2550
Cockerill	142	140	141	142
Colruyt	10600	10500	10500	10475
Delhaize Lion	1580	1560	1575	1555
Electrabel	6740	6700	6730	6720
Electrafina	2700	2690	2690	2705
Fortis AG	4135	4080	4135	4080
GIB	1432	1412	1432	1422
GBL	3960	3935	3960	3955
Gen Banque	11025	10825	11025	10825
Glaverbel	3420	3390	3400	3385
Kredietbank	9400	9250	9390	9360
Mosane	2350	2350	2350	2350
Petrofina	9910	9820	9910	9860
Powerfin	4350	4250	4290	4320
Recticel	315	313	315	313
Royale Belge	6110	6070	6100	6050
Soc Gen Belg	2400	2375	2390	2375
Solvay	19400	19100	19375	19200
Tessenderlo	11375	11250	11350	11250
Tractebel	13000	12775	13000	12850
UCB	59000	58500	58650	58550
Union Miniere	2430	2395	2430	2400

Copenhagen
Stock index: 408.29 — Previous: 407.69

	High	Low	Close	Prev.
Carlsberg B	345	340	345	340
Danisco	292	288	292	288
Den Danske Bk	395	392	393	394
D/S Svendborg A	180000	180000	180000	190000
D/S 1912 A	130000	130000	130000	132000
East Asiatic Co	119	115	119	115
FLS Ind B	590	585	590	590
ISS Intl Svc B	133	129	131	131
Novo Nordisk B	830	817	830	815
Radiometer B	366	351	360	352
Sophus Ber B	784.17	770	784.17	780
Tele Danmk B	298	293	295	297
Unidanmark A	273	271	272	274

Frankfurt
DAX: 2561.39 — Previous: 2551.82

	High	Low	Close	Prev.
AMB	895	880	895	895
AEG	160	160	160	161
Allianz Hdg	2647	2622	2635	2614
Altana	1190	1175.10	1175.50	1180
Asko Deutsche	1133	1120	1125	1126
Badenwerk	550	550	550	540
BASF	435	432.70	435	434.30
Bayer Hypo Bk	36.98	36.72	36.93	36.65
Bay.Vereinsbank	42.75	42.38	42.70	41.80
Bayer	53.75	53.45	53.75	53.55
Berliner Kraft	431.50	430	431.50	430
BHF Bank	39.45	39.20	39.30	38.95
BMW	882.50	879	882.50	877
CKAG Colonia	1230	1210	1230	1208
Commerzbank	315	314.20	315	314.60
Daimler Benz	818	813.50	814.50	818.50
Degussa	517	515.50	516.70	514.50
Deutsche Bank	72.18	71.82	72	71.80
Dresdner Bank	38.25	38.17	38.25	38.12
Heidelbg Zmt	1045	1044	1044	1030
Henkel	659.50	656	657	657
Hochtief	683	677	683	678
Hoechst	51.60	50.90	51.60	51.95
Holzmann Ph.	425	418	422	411
Karstadt	615.50	604	615.50	607
Kaufhof Hdg	577	575	575.80	576
Linde	998	984	990	985
Lufthansa ord	215.50	215	215	211.50
MAN	386	377.20	378.80	383.50
Mannesmann	526.50	522	526	529.50
Muench Rueck	3140	3100	3140	3105
Preussag	385	383	385	381
PWA	191	189	191	189.80
RWE	59.35	59.05	59.30	58.80
SAP pfd	226.50	222.60	225.50	222
Schering	110.80	110.15	110.70	110.30
Schmalb Lub	302	295	299	293
Siemens	81.58	81.10	81.30	81.35
Suedzucker	758	752	756	755
Thyssen	278.70	277.50	278.10	278.10
Veba	81	80.65	80.87	80.10
VEW	516	515	515	511
Viag	607	606	607	599.50
Volkswagen	567.50	565	565.50	558.50
Wella	890	887	890	889.50

Helsinki
HEX General index: 2009.76 — Previous: 1998.14

	High	Low	Close	Prev.
Cultor 1	230	225	227	227
Enso R	36.50	35.60	36.10	36
Huhtamaki 1F	155.10	155	155	158
Kesko	68.80	67.90	68.80	67.90
Kone BF	520	517	517	517
Merita A	9.80	9.70	9.70	9.75
Metra BF	209	208	208	208
Metsa-Serla B	33	33	33	33.10
Nokia Pfd F	172.30	168.50	171	166.50
Outokumpu A	78.50	77.50	78	77
Rautaruukki	34	33.50	33.70	34
Stockmann A	255	250	255	250
UPM-Kymmene	96.50	94.50	96.10	94.90
Valmet A	78.60	77	78.50	78.80

Hong Kong
Hang Seng: 11020.90 — Previous: 11002.50

	High	Low	Close	Prev.
Amoy Props	9.45	9.30	9.35	9.50
Bk East Asia	28.35	28.15	28.35	28.15
Cathay Pacific	14.35	14	14.20	14.25
Cheung Kong	56	55.50	55.75	56
China Light	35.20	35	35.10	35
Chin Estates	6.90	6.85	6.90	6.90
Citic Pacific	31.50	31.20	31.30	31.20
Cons Elec Pwr	12.95	12.75	12.75	13
Dao Heng Bk	30	29.80	29.90	29.70
First Pacific	12.05	11.85	11.95	11.95
Great Eagle	22.65	22.50	22.65	22.50
Guangdong Inv	4.95	4.90	4.90	4.90
Guoco Group	37.10	36.60	36.90	36.80
Hang Lung	14.65	14.55	14.55	14.55
Hang Seng Bk	78.25	77.75	78	77.75
Henderson Inv	7.05	6.95	7	6.90
Henderson Ld	58.25	57.50	58	57.75
HKR Intl	9.05	8.85	9	8.90
HK Aircraft	23.50	23	23.25	23.20
HK China Gas	12.40	12.30	12.35	12.30
HK Electric	23.65	23.60	23.60	23.70
HK Shang Htls	13.25	13.20	13.20	13.25
HK Telecomm	14.05	13.75	13.95	13.75
Hopewell Hdgs	4.23	4.10	4.20	4.13
HSBC Hdgs	117	116	117	116
Hutchison Wh	49.10	48.70	48.70	48.90
Hysan Dev	23.90	23.60	23.60	23.80
Johnson El 500	17.60	17.40	17.40	17.55
Miramar Hotel	17.20	16.95	17.10	17
Natl Mutual	6.85	6.80	6.80	6.85
New World	36.20	35.70	35.90	35.90
Oriental Press	4.20	4.10	4.15	4.10
Orient Telecom	3.50	3.40	3.50	3.45
Shangri-La	10.90	10.85	10.85	10.90
SHK Props	78.75	78.25	78.25	78.50
Shun Tak Hdgs	4.80	4.73	4.75	4.73
Sino Land Co.	7.65	7.55	7.65	7.65
Sth China Post	5.30	5.25	5.30	5.30
Swire Pac A	66.75	66	66.25	66.50
Tsim Sha Tsui	9.70	9.65	9.70	9.60
TV Broadcasts	29.10	29	29.05	29.05
Wharf Hdgs	27.90	27.65	27.70	28
Wheelock	15.35	15.15	15.30	15

Jakarta
Composite index: 594.26 — Previous: 592.04

	High	Low	Close	Prev.
Astra Intl	2525	2500	2525	2500
Barito Pacific	1575	1475	1525	1475
Gudang Garm	10000	9900	9975	9950
Indah Kiat	2275	2200	2275	2225
Indocement	8000	7900	8000	7900
Indofood	10525	10400	10500	10350
Indorayon	2250	2225	2250	2200
Indosat	7875	7800	7825	7875
Kalbe Farma	5375	5200	5200	5375
Sampoerna	27200	26500	26500	27000

Johannesburg
All Market: 6878.72 — Previous: 6910.49

	High	Low	Close	Prev.
AngloAm-Corp	277	274.50	274.50	277.25
AngloAm Gold	378	376	376	384
AngloAm Ind	175.50	174	174	176
Barlow	45.85	45	45.25	46
C.G. Smith	22.95	22.50	22.50	22.95
De Beers	149.50	147	147	149.25
Driefontein	59.25	58	58	59
Freegold	42	40.50	40.75	42.50
Fst Natl Bk	31.50	30.90	31.25	30.90
Gencor	16.15	15.95	16	16.10
GFSA	131	131	131	133
Iscor	3.47	3.34	3.39	3.48
Johnnies Ind	55	54	54	55
Kloof Gold	43	41	41	44.15
Liberty Life	139.75	138.75	138.75	139.50
Minorco	104.75	103.50	103.50	104.25
Nedcor	66.50	65.50	65.50	66.25
Rembrandt Gp	41.70	40.70	40.70	40.40
Richemont	67.75	65.75	66.75	65.50
Rust Platinum	70	67.50	67.50	70.50
SA Breweries	127.75	126.75	127	127.25
Sappi	48.50	47.85	47.90	48.25
Sasol	47.10	46	47	46.95
SBIC	172	169.50	170	171.50
Tiger Oats	61	60.75	60.75	61

Kuala Lumpur
Composite: 1136.31 — Previous: 1135.62

	High	Low	Close	Prev.
Genting	19.80	19.40	19.50	19.60
Hicom Hldgs	7.20	7	7.10	7.15
Mal Banking	24.40	23.90	24	24.10
Mal Intl Ship F	7.80	7.65	7.75	7.80
Public Bank F	6.90	6.85	6.90	6.75
Resorts World	14.30	14	14.30	14
Sime Darby	6.95	6.85	6.90	6.95
Telekom Mal	22.30	22	22.20	22.20
Tenaga	10.50	10.10	10.50	10.50
Utd Engineers	17.30	17.20	17.30	17.30

London
FT-SE 100: 3711.00 — Previous: 3678.80

	High	Low	Close	Prev.
Abbey Natl	5.43	5.27	5.41	5.28
Allied Domecq	4.59	4.48	4.52	4.49
Anglian Water	5.97	5.88	5.93	5.91
Argyll Group	3.50	3.45	3.47	3.43
Arjo Wiggins	1.81	1.74	1.76	1.78
Asda Group	1.17	1.15	1.17	1.14
Assoc Br Foods	3.88	3.85	3.87	3.87
BAA	4.71	4.61	4.67	4.66
Barclays	7.75	7.49	7.73	7.61
Bass	8.10	7.95	8.09	7.99
BAT Ind	5.02	4.88	5.01	4.88
Bank Scotland	2.35	2.31	2.33	2.33
BICC	3.15	3.07	3.10	3.10
Blue Circle	3.61	3.51	3.60	3.58
BOC Group	9.27	9.20	9.23	9.25
Boots	5.82	5.53	5.79	5.79
Rexam	3.41	3.24	3.39	3.25
BPB Ind	3.20	3.09	3.19	3.10
Brit Aerosp	9.80	9.72	9.77	9.79
Brit Airways	5.58	5.52	5.54	5.53
Brit Gas	1.81	1.77	1.80	1.77
Brit Petm	5.67	5.59	5.65	5.59
Brit Steel	1.72	1.62	1.64	1.63
Brit Telecom	3.83	3.42	3.46	3.44
BTR	2.83	2.42	2.54	2.55
Burmah Cast	10.22	10.12	10.19	10.13
Cable Wireless	4.60	4.19	4.26	4.18
Cadbury Schw	5.12	5	5.09	5.08
Caradon	2.29	2.12	2.16	2.17
Carlton Comm	5.20	5.10	5.18	5.10
Coats Viyella	1.73	1.66	1.72	1.66
Comml Union	5.83	5.72	5.80	5.72
Courtaulds	4.29	4.23	4.25	4.27
De La Rue	5.98	5.87	5.95	5.93
Eng China Cl	2.60	2.55	2.59	2.57
Enterprise Oil	4.64	4.60	4.60	4.63
Fam Colonial	1.51	1.50	1.51	1.51
Genl Accident	6.54	6.42	6.53	6.41
GEC	3.53	3.46	3.47	3.51
GNK	9.92	9.85	9.88	9.85
Glaxo	8.69	8.57	8.66	8.54
Granada Gp	8.63	8.48	8.62	8.53
Grand Met	4.30	4.21	4.27	4.22
GRE	2.50	2.43	2.48	2.40
Guinness	4.69	4.57	4.68	4.56
GUS	6.57	6.48	6.54	6.54
Hanson	1.81	1.78	1.81	1.80
Hillsdown Hdg	1.77	1.73	1.75	1.75
HSBC Hldgs	10.08	9.75	9.86	9.70
ICI	7.90	7.04	7.88	7.90
Inchcape	2.95	2.83	2.93	2.90
Kingfisher	6.58	6.45	6.47	6.45
Ladbroke	1.83	1.79	1.79	1.80
Land Sec	6.24	6.08	6.22	6.11
Laporte	6.83	6.68	6.83	6.73
Lasmo	1.86	1.75	1.76	1.77
Legal Genl Grp	6.70	6.64	6.69	6.68
Lloyds Abbey	5.13	5.08	5.08	5.07
Lloyds TSB Gp	3.16	2.92	3.15	3.06
London Elec	6.50	6.28	6.26	6.28
Lucas Ind	2.27	2.24	2.27	2.26
Marks Spencer	4.73	4.66	4.71	4.67
MEPC	4.08	4.04	4.06	4.06
Mercury Asset	9.67	9.61	9.65	9.64
Midlands Elec	4.20	4.18	4.20	4.18
Natl Power	5.21	5.17	5.20	5.20
NatWest	6.19	6.08	6.16	6.12
News Intl	4.20	4.13	4.16	4.13
Utd Utilities	5.45	5.35	5.42	5.42
Nthern Foods	1.88	1.82	1.86	1.83
P&O	4.90	4.80	4.86	4.80
Pearson	6.69	6.61	6.64	6.65
Pilkington	1.82	1.74	1.81	1.79
PowerGen	4.73	4.69	4.69	4.71
Prudential	4.08	4.03	4.06	4.04
Rank Org	5.02	4.95	4.98	4.98
Reckitt Colm	6.78	6.70	6.78	6.71
Redland	4.02	3.93	4.01	3.99
Reed Intl	10.84	10.65	10.77	10.66
Rentokil	4.10	4.04	4.09	4.05
Reuters Hdgs	7.89	7.73	7.79	7.74
RMC Group	10.17	10.05	10.13	10.10
Rolls Royce	2.26	2.20	2.24	2.20
Royal Bk Scot	4.98	4.86	4.93	4.90
RTZ reg	9.56	9.50	9.53	9.57
Royal Insur	4.01	3.95	3.98	3.91
Sainsbury	3.82	3.76	3.79	3.78
Schroders	13.55	13.45	13.55	13.52
Scot Newcastle	6.61	6.48	6.59	6.53
Scot Power	3.07	3.02	3.04	3.03
Sears	1	0.98	0.99	0.99
Severn Trent	5.66	5.40	5.44	5.48
Shell Trsp reg	9.47	9.40	9.43	9.38
Siebe	9.15	9.08	9.15	9.09
Smith Nephew	2.06	2.02	2.05	2.03
Smith (WH)	4.77	4.73	4.74	4.75
SmithKline	6.92	6.86	6.89	6.86
Smiths Ind	7.06	6.98	7.04	6.99
Sthern Elec	7.15	7.05	7.14	7.08
Stand Charter	6.45	6.37	6.41	6.36
Sun Alliance	3.77	3.70	3.72	3.67
Tate & Lyle	4.59	4.56	4.58	4.57
Tesco	2.96	2.92	2.94	2.94
Thames Water	5.70	5.38	5.67	5.62
Thorn EMI	17.98	17.85	17.94	17.90
3i Group	4.44	4.38	4.41	4.39
TI Group	5.50	5.36	5.38	5.48
Tomkins	2.48	2.41	2.41	2.48
Unilever	12.84	12.73	12.80	12.72
Utd Biscuits	2.15	2.08	2.14	2.14
Utd News	6.98	6.90	6.96	6.90
Vendome uts	5.99	5.92	5.98	5.95
Vodafone	2.41	2.37	2.40	2.35
Whitbread	7.13	7.07	7.09	7.06
Williams Hdgs	3.40	3.33	3.39	3.35
Wolseley	4.55	4.45	4.55	4.54
Zeneca	14.32	14.15	14.24	14.20

Madrid
Bolsa index: 373.27 — Previous: 371.03

	High	Low	Close	Prev.
Acerinox	13650	13320	13350	13580
ACESA	1510	1480	1490	1480
Argentaria	5620	5550	5590	5570
BBV	5200	5070	5190	5070
Banesto	829	819	829	823
Bankinter	14330	14100	14330	14090
Bco Central Hisp	2615	2570	2610	2585
Bco Exterior	3020	3000	3000	3000
Bco Popular	22940	22750	22840	22700
Bco Santander	6040	5960	5980	6000
CEPSA	4305	4270	4305	4270
Corp Mapfre	6560	6480	6540	6510
Dragados	1705	1675	1695	1705
Endesa	8050	7980	7990	8020
FECSA	1055	1030	1045	1040
Fomento Const	10790	10430	10600	10690
Gas Natural	26960	25500	26900	25500
Hidroel Cantab	4485	4450	4460	4460
Iberdrola	1315	1285	1315	1285
Pryca	3210	3165	3200	3170
Repsol	4490	4445	4455	4490
Sevillana Elec	1180	1150	1180	1155
Tabacalera	6480	6360	6450	6360
Telefonica	2365	2345	2360	2370
Union Fenosa	827	821	824	820
Valenc Cement	1540	1505	1540	1540

Manila
PSE index: 3275.26 — Previous: 3256.53

	High	Low	Close	Prev.
Ayala A	26.50	26	26	27
Ayala Land	47	46	47	46
Manila Elec A	157	152	155	149
Metro Bank	735	725	735	735
Petron	12.50	11.75	12	12.50
Phil Long Dist	1565	1550	1560	1555
San Miguel A	44.50	44	44	44.50
San Miguel B	90.50	89	90.50	89
SM Prime Hdg	6.80	6.70	6.80	6.70

Mexico
Bolsa index: 3210.83 — Previous: 3183.59

	High	Low	Close	Prev.
Alfa A	34.50	33.90	34.25	34.00
Cemex B	30.30	28.40	29.95	28.30
Cifra C	10.84	10.76	10.82	10.80
Empresas ICA	107.50	106.00	106.30	106.50
Emp Moderna	33.95	33.80	33.95	33.80
Femsa	21.90	21.50	21.80	21.40
Gpo Carso A1	53.90	53.40	53.90	53.30
Televisa CPO	120.00	116.80	117.60	119.00
TelMex L	12.96	12.78	12.84	12.80
Tribasa	21.50	21.40	21.50	21.45

Milan
MIB Telematico: 10497.00 — Previous: 10445.00

	High	Low	Close	Prev.
Alleanza Assic	13000	12870	12945	12945
Bca Comm Ital	3125	3070	3080	3105
Bca Naz Agricol	904	890	904	890
Bca Naz Lavoro	10950	10800	10850	10880
Bca di Roma	1389	1355	1367	1357
Bco Ambrosian	4245	4075	4115	4145
Benetton	20100	19755	19800	19900
Credito Italiano	1805	1785	1796	1809
Fiat	5180	5110	5135	5110
Fondiaria	7650	7360	7380	7525
Generali Assic	35650	35150	35350	35150
IFIL	4630	4560	4610	4545
Italcementi	12330	12200	12300	12255
Italgas	5750	5615	5725	5660
Mediobanca	9850	9680	9735	9705
Montedison	908	879	891	902
Olivetti	839	790	827	827
Pirelli	2600	2540	2565	2570
RAS	15845	15630	15845	15800
Rinascente	10975	10750	10975	10790
S Paolo Torino	9900	9650	9900	9730
SME	1770	1730	1730	1775
Standa	N.T.	N.T.	N.T.	16000
Stet	5205	5155	5190	5145
Telecom Italia	3300	3230	3295	3260
Toro Assic	19400	19200	19250	19300

Montreal
Industrials index: 2488.82 — Previous: 2452.39

	High	Low	Close	Prev.
Alco I	18.95	18.85	18.90	18.90
Bank Montreal	33.60	33.40	33.45	33.35
Bca Mob Com	44.20	43¾	44.20	43½
Cdn Tire A	17.20	16.95	17.20	17
Cdn Util A	26.95	26.85	26.95	26.85
Cascades	5¾	5.70	5¾	5.70
CT Finl Svc	26½	26¼	26¼	26.30
Extendicare	17	17	17	17
Gaz Metro	15.10	15	15.10	15.10
Gt-West Lifeco	33	32½	33	33.10
Hees Intl Bcp	16.30	16.05	16¼	16.05
Hudsons Bay	20.70	20½	20.70	20½
Imasco	27.85	27.65	27.85	27.55
Investors Grp	17	16.70	17	16.80
Loblaw Cos	11	10.90	11	11
Molson A	22.10	22.05	22.05	22.10
Natl Bk Canada	11.40	11¼	11.40	11¼
Oshawa A	20.90	20.90	20.90	20.65
Pancdn Petim	54¼	54¼	54¼	53
Power Corp	21.80	21.45	21½	21.45
Power Finl	37.60	37.30	37.30	37.60
Quebecor B	21½	21.30	21.35	21.40
Rogers Comm B	12.65	12.60	12.65	12.65
Royal Bk Cda	32.85	32¾	32¾	32.65
Sears Canada	8.15	7.95	8.05	8
Shell Cda A	46½	46	46½	46½
Southam	16	15.95	16	15.95
Stelco A	6.10	6.05	6.10	6.10
Trilon Finl A	5.40	5.40	5.40	5.40

Oslo
OBX index: 455.88 — Previous: 452.84

	High	Low	Close	Prev.
Aker A	125	124	124.50	124
Bergesen Dy B	131	130	131	130
Christiania Bk	15.50	15.20	15.30	15.20
Den norske Bk	19.70	19.50	19.70	19.70
SAS Norge ASA	70.50	69	70.50	69
Dyno Indust	144	143	144	144
Elkem	89.50	88.50	89.50	88.50
Hafslund A	47	46.50	47	47
Kvaerner	274.50	272.50	274.50	272
Leif Hoegh	113	110	113	110
Norsk Hydro	318	315	318	315
Norske Skog A	196	195	196	197
Orkla	342	336	342	339
Rieber B	140	140	140	142
Saga Petim B	88	86	88	87.50
Schibsted	85	84	84	85
UniStorebr A	29.30	29.10	29.20	29.20

Paris
CAC-40: 2123.70 — Previous: 2112.85

	High	Low	Close	Prev.
Accor	724	714	720	721
AGF	139.50	138.50	139.40	138.60
Air Liquide	916	905	909	910
Alcatel Alsth	450	442.50	449	447
Axa	282.40	278.60	280.50	278.70
Bancaire	585	575	580	579
BNP	181	179.10	180.70	178.90
Bouygues	580	559	574	559
Canal Plus	1265	1251	1259	1280
Carrefour	2896	2876	2884	2880
CCF	240.30	237.60	238.60	239.60
Credit Local cl	430.50	415	419	430.20
Credit Lyon PC	120.50	114	120.50	117.50
Crown Cork Seal	227.60	227.60	227.60	238.50
Danone	785	777	779	776
Elf-Aquitaine	380	377.50	378.60	378.50
Eridania BS	815	803	806	808
Euro Disney	14.20	13.80	14.15	14.10
Eurotunnel uts	8	7.15	7.60	8.45
Gen. Eaux	580	557	575	554
Havas	424	419	421	419.10
Lafarge Cop	318	311.20	311.50	317.50
Legrand	925	912	922	918
L'Oreal	1709	1693	1709	1703
LVMH	1223	1209	1220	1211
Lyon. Eaux	494.50	483	471.60	481.50
Michelin B	253.50	249.10	252	248.20
Navig Mixte	756	756	756	756
Paribas A	304.40	300.50	304	301.40
Pechiney SA	210	198.20	205.20	204.50
Pernod Ricard	333.50	327.20	330	328.40
Peugeot Cit	699	685	689	697
Pinault-Print	1834	1791	1801	1806
Promodes	1500	1470	1484	1465
Renault	134	128.50	132.50	132.20
Rh-Poulenc A	135.90	134.40	135	135
Roussel-Uclaf	1235	1211	1235	1210
Sanofi	388.90	382.50	385.80	386
Schneider	270.40	263.70	270	267.90
Ste Generale	566	558	566	557
St Gobain	689	677	689	675
St Louis	1379	1363	1367	1357
Suez	191	186.80	188.30	188
Thomson CSF	145	140.10	144.70	139.50
Total B	383	381	381.80	380
UAP	104.80	103.10	104.50	103.50
Valeo	282	274	275.50	280.80

São Paulo
Bovespa index: 60363.90 — Previous: 61815.90

	High	Low	Close	Prev.
Bco Brasil Pfd	8.10	7.91	8.00	8.00
Banespa Pfd	3.65	3.54	3.60	3.70
Bradesco Pfd	8.20	8.05	8.15	8.20
Brahma Pfd	596.00	593.00	594.00	594.00
Cemig Pfd	28.30	26.60	26.60	28.50
CESP Pfd	39.00	34.00	35.00	33.34
Eletrobras B	294.00	281.80	281.80	295.00
Itaubanco Pfd	412.00	409.00	409.00	412.99
Light	280.00	270.00	270.00	279.00
Paranapan Pfd	8.40	8.00	8.00	8.20
Petrobras Pfd	127.50	124.00	124.00	127.99
Sid Nacional	26.10	25.70	25.70	26.10
Souza Cruz	8.90	8.70	8.75	8.80
Telebras Pfd	72.40	70.00	70.00	71.80
Telesp Pfd	217.00	215.00	215.02	218.00
Usiminas Pfd	1.10	1.06	1.06	1.09
CVRD Pfd	20.35	19.50	19.50	20.10

Seoul
Composite index: 823.53 — Previous: 820.05

	High	Low	Close	Prev.
Daewoo Heavy	6900	6700	6880	6700
Hyundai Eng	34400	33700	33700	34000
Hyundai Motor	31000	30300	30600	30300
Korea El Pwr	28400	28000	28000	27800
Korea Mob Tel	650000	639000	640000	641000
LG Electronics	18300	17800	17800	17900
Pohang Iron St	51300	50500	50900	50700
Samsung Elec	68500	67200	68100	66900
Samsung Hvy	12600	12000	12600	11900
Yukong	23800	23200	23800	23000

Singapore
Straits Times: 2296.21 — Previous: 2288.36

	High	Low	Close	Prev.
Cerebos Pac	12.70	12.70	12.70	12.70
City Devtls	11.10	11	11	11
Cycle Carriage	15.30	15	15.10	15
Dairy Farm Int*	0.85	0.84	0.85	0.83
DBS	9.65	9.55	9.65	9.50
DBS Land	4.88	4.80	4.84	4.82
Fraser & Neave	14.90	14.60	14.60	14.80
HK Land*	2.26	2.24	2.25	2.24
Hong Leong Fin	3.92	3.90	3.90	3.94
Jard Matheson*	7.40	7	7.35	7
Jard Strategic*	3.20	3.16	3.20	3.16
Keppel	12.10	11.80	11.80	11.60
Natsteel	2.80	2.75	2.80	2.75
Neptune Orient	1.48	1.44	1.48	1.43
OCBC foreign	16.60	16.30	16.50	16.50
OSea Union Bk	7	6.75	6.95	6.75
Sembawang	7	6.95	7	7
Sing Airlines F	14.90	14.70	14.70	14.80
Sing Petim	1.70	1.70	1.70	1.70
Sing Press F	27.90	27.50	27.70	27.80
ST Auto F	2.77	2.74	2.75	2.75
ST Ship	2.38	2.38	2.38	2.38
Sing Telecomm	3.82	3.68	3.78	3.90
Straits Steam	4.74	4.70	4.72	4.70
Utd Industrial	1.44	1.43	1.44	1.44
Utd OSea Bk F	13.50	13.40	13.50	13.40
Wing Tai Hdgs	3.02	2.99	3	3

*: in U.S. dollars.

Stockholm
SX 16 index: 2069.19 — Previous: 2041.87

	High	Low	Close	Prev.
AGA BF	114.50	113	114	113
ABB AF	707	703	703	702
AssiDoman F	155	154	154.50	154
Astra AF	294	290	293	290
Atlas Copco AF	125	122	123.50	121.50
Avesta F	63	61	62.50	65
Electrolux BF	334.50	332	333.50	334.50
Ericsson BF	143.50	139	143	138.50
Hennes BF	620	610	615	611
Incentive AF	354	351	353	353
Investor BF	249	244.50	248.50	245
Kinnevik BF	202	199	201	199
MoDo BF	171.50	169	170	171
Sandvik BF	153	152	153	152
SCA BF	137	135	136.50	137
S-E Banken AF	53.50	52	53	52
Skandia Fors F	176	172	175.50	173
Skanska BF	235	232	234.50	234
SKF BF	158	155.50	157.50	156
SSAB BF	86	83	86	84
Stora AF	88	87.50	87.50	87.50
Sv Handles AF	138.50	137	138.50	137
Sydkraft AF	145	145	145	142
Trelleborg BF	84	83	83	83.50
Volvo BF	151.50	149.50	151	149

Sydney
All Ordinaries: 2242.10 — Previous: 2241.80

	High	Low	Close	Prev.
Amcor	8.70	8.64	8.65	8.65
ANZ Bkng	6.10	6	6.02	6.01
BHP	17.84	17.52	17.57	17.68
Boral	3.36	3.29	3.30	3.34
Brambles Ind.	17.75	17.56	17.68	17.60
Burns Philp	2.40	2.35	2.40	2.34
CBA	10.60	10.45	10.46	10.48
CC Amatil	14.20	14.10	14.13	14.15
Coles Myer	4.64	4.59	4.62	4.67
Comalco	7.55	7.39	7.40	7.40
CRA Ltd	19.80	19.54	19.56	19.50
CSR	4.54	4.49	4.49	4.49
Fosters Brew	2.21	2.17	2.19	2.18
GIO Australia	3.15	3.11	3.13	3.12
Goodman Fld	1.30	1.29	1.29	1.29
ICI Australia	11.20	11.10	11.14	11.14
John Fairfax	2.70	2.64	2.65	2.70
Lend Lease	19.70	19.32	19.50	19.30
Mayne Nickless	7.45	7.40	7.43	7.42
MIM Hdgs	1.67	1.60	1.64	1.60
Nat Aust Bank	11.92	11.75	11.75	11.80
News Corp	7.31	7.21	7.21	7.25
North Ltd	3.67	3.62	3.65	3.64
Pacific Dunlop	2.89	2.84	2.86	2.87
Pioneer Intl	3.78	3.68	3.70	3.75
Placer Pacific	1.85	1.73	1.85	1.74
Santos	4.49	4.40	4.40	4.43
Southcorp	3.17	3.12	3.15	3.15
Wesfarmers	7.70	7.60	7.60	7.60
Wstrn Mining	9.25	9.09	9.10	9.13
Westfield Trt	2.32	2.29	2.29	2.31
Westpac Bkng	5.66	5.57	5.62	5.56
Woodside Pet	7.70	7.62	7.64	7.62
Woolworths	3.09	3.05	3.07	3.06

Taipei
Stock Market index: 6507.05 — Previous: 6537.28

	High	Low	Close	Prev.
Asia Cement	54.50	53	53.50	54.50
Cathay Life Ins	198	194	194	197
Chang Hwa Bk	162	158	158	160
China Steel	29.20	28.80	28.80	29.60
China Trust	60	58.50	59.50	58
Evergreen	56	54.50	55.50	54.50
Far East Text	33.20	32	32	31.90
First Bank	161	158	159	159
Formosa CF	36.50	35.20	35.80	34.90
Hua Nan Bk	148	145	145	146.50
Hualon Teijran	26.40	25.60	25.70	25.40
ICBC	98.50	96	96.50	98
President Ent	49.50	48.70	49.10	49.50
Taiwan Cemt	64	63	64	64
Tatung	61.50	61	61	61.50

Tokyo
Nikkei 225: 22530.75 — Previous: 22501.61

	High	Low	Close	Prev.
Ajinomoto	1320	1300	1310	1290
All Nippon Air	1200	1180	1180	1180
Asahi Bank	1290	1270	1270	1270
Asahi Chem	787	781	782	785
Asahi Glass	1330	1310	1310	1320
Bk Tokyo Mitsu	2560	2550	2550	2530
Bk Yokohama	1000	988	995	1010
Bridgestone	2110	2080	2090	2100
Canon	2310	2270	2280	2310
Chiba Bank	966	957	966	952
Chubu Elec	2480	2460	2480	2450
Chugoku Elec	2430	2410	2430	2410
Daiei	1330	1310	1320	1330
Daiichi Kang	2040	2020	2040	2040
Daiwa Bank	763	758	758	758
Daiwa House	1700	1690	1700	1690
Daiwa Sec	1430	1410	1410	1440
Fanuc	4360	4300	4360	4300
Fuji Bank	2380	2360	2360	2370
Fuji Photo	3490	3460	3460	3450
Fujitsu	1010	990	1000	990
Hitachi	1040	1020	1020	1030
Honda Motor	2860	2830	2840	2880
IBJ	2740	2720	2720	2710
IHI	538	531	535	538
Itochu	776	766	766	770
Ito-Yokado	6620	6550	6610	6590
JAL	889	882	887	881
Jusco	3620	3560	3590	3600
Kajima	1150	1130	1130	1140
Kansai Elec	2510	2470	2510	2470
Kao	1500	1480	1480	1480
Kawa Steel	398	395	395	398
KDD	11900	11500	11600	11900
Kinki Nipp Ry	790	785	789	786
Kirin Brewery	1360	1340	1340	1350
Kobe Steel	318	314	315	315
Komatsu	1090	1070	1080	1080
Kubota	738	723	723	730
Kyocera	7800	7740	7750	7750
Kyushu Elec	2480	2450	2470	2470
LTCB	849	840	849	833
Marubeni	609	600	600	600
Marui	2450	2400	2430	2420
Matsu Elec Ind	2060	2030	2040	2040
Matsu Elec Wk	1200	1180	1190	1190
Mitsubishi	1450	1440	1440	1440
Mitsubishi Ch	509	502	506	508
Mitsubishi El	769	759	764	758
Mitsubishi Est	1550	1510	1510	1540
Mitsubishi Hvy	968	953	953	957
Mitsubishi Mat	970	960	960	970
Mitsubishi Tr	1870	1850	1850	1840
Mitsui	1000	993	993	995
Mitsui Fudosn	1530	1480	1480	1500
Mitsui Trust	1300	1280	1280	1270
Murata Mfg	4160	4160	4160	4130
NEC	1200	1170	1190	1170
New Oji Paper	953	946	946	952
Nikko Sec	1230	1210	1230	1220
Nintendo	8260	8150	8170	8250
Nipp Credit Bk	409	405	407	405
Nipp Express	1100	1070	1070	1090
Nippon Oil	745	737	743	743
Nippon Paper	690	683	685	684
Nippon Steel	380	375	376	376
Nippon Yusen	643	630	634	639
Nippondenso	2410	2360	2380	2390
Nissan Motor	975	964	973	965
NKK	336	330	332	333
Nomura Sec	2190	2130	2140	2180
NTT	8160a	8000a	8120a	8140a
Obayashi	1020	990	997	1010
Odakyu El Ry	738	728	738	731
Ono Pharm	3770	3730	3770	3780
Osaka Gas	407	400	401	399
Ricoh	1190	1160	1160	1160
Sakura Bk	1230	1220	1220	1220
Sankyo	2860	2810	2840	2800
Sanwa Bank	2050	2030	2030	2040
Sanyo Elec	676	667	669	669
Secom	7240	7200	7240	7190
Seibu Rwy	6000	5820	5840	5900
Sekisui House	1270	1250	1250	1260
Seven-Eleven	7050	6980	6990	6990
Sharp	1940	1910	1920	1890
Shimizu	1230	1200	1210	1230
Shin-etsu Ch	2130	2100	2100	2150
Shizuoka Bk	1420	1390	1410	1410
Sony	7260	7190	7210	7200
Sumitomo	978	962	974	961
Sumitomo Bk	2130	2110	2120	2130
Sumit Chem	533	523	523	532
Sumitomo Elec	1590	1570	1570	1580
Sumit Metal	340	336	336	337
Sumit Trust	1530	1500	1500	1490
Taisei	782	774	778	780
Taisho Pharm	2370	2340	2370	2360
Takeda Chem	1970	1930	1940	1960
TDK	6640	6510	6540	6580
Tohoku El Pwr	2460	2440	2450	2450
Tokai Bank	1450	1420	1420	1430
Tokio Marine	1460	1450	1460	1450
Tokyo El Pwr	2800	2770	2780	2760
Tokyo Gas	401	396	400	398
Tokyu	835	825	835	832
Tonen	1610	1590	1610	1600
Toppan Print	1600	1580	1600	1580
Toray Ind	764	756	756	756
Toshiba	784	775	780	775
Toyo Seikan	3850	3740	3820	3730
Toyo Trust	1130	1110	1130	1110
Toyota Motor	2780	2740	2740	2780
Yamaichi Sec	755	750	752	752
Yamanouchi	2380	2370	2380	2370
Yasuda Fire	826	819	819	822
Yasuda Trust	693	675	693	674

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Toronto
TSE Industrials: 5044.87 — Previous: 5011.55

	High	Low	Close	Prev.
Abitibi Price	18.70	18½	18.65	18½
Air Canada	4.80	4¾	4.80	4.80
Alberta Energy	25¾	25.30	25¾	25.30
Alcan Alum	41.85	41.30	41.55	41.40
Avenor A	22.40	22.10	22.10	22.35
Bk Nova Scotia	33.30	33.05	33.20	32.90
Barrick Gold	37.35	36¾	37.05	36¾
BCE	53.90	53½	53¾	53.45
BC Telecomm	26.55	26.20	26.55	26.15
Bombardier B	20.45	20.15	20.45	20.05
Brascan A	25.45	25.30	25.40	25.35
Cameco	64.30	62.15	64.30	62.05
CIBC	44.35	44.05	44.05	44.10
Cdn Airlines	3.20	3.10	3.20	3.20
Cdn Nat Res	25.45	25.20	25.45	25¼
Cdn Occid Pet	22.95	22¾	22.95	22.85
Cdn Pacific	29.95	29.70	29.90	29¾
Cominco	29.95	29.45	29.55	29.45
Consumers Gas	21.10	21.05	21.05	21.10
Dofasco	20.20	19.90	20.10	19.90
Doman Ind B	9.90	9¾	9.90	9¾
Du Pont Cda A	31.45	31.30	31.45	31.40
Echo Bay Min	14.85	14.40	14.60	14.70
Empire Co. A	12.55	12½	12½	12¾
Falconbridge	29.70	29.30	29.70	29½
Fletcher Chall A	18.70	18	18½	18¼
Franco Nevada	87½	86½	86½	87¾
Guardian Cap A	N.T.	N.T.	N.T.	9
Hemlo Gold	14.60	14.30	14.60	14¼
Horsham	19	18.90	19	18.90
Imperial Oil	57.80	57	57.60	57.15
Inco	43.95	43.70	43.95	43.55
IPL Energy	34½	34.30	34.30	34.15
Laidlaw A	13.95	13.80	13.90	13.80
Laidlaw B	13.95	13.80	13.85	13.85
Loewen Group	41.60	40.65	41.60	40.65
Ldn Insur Gp	29	28.60	28.60	29
Macmill Bldl	18.15	18	18.10	18.10
Magna Intl A	64.20	63	63	64
Maple Leaf Fds	7.10	7	7.10	6.90
Moore	25.70	25.40	25.55	25.45
Newbridge Net	89½	88½	89¼	88
Noranda Inc	28	27.90	27.95	27.85
Noranda Forest	9.10	9	9.10	8.95
Norcen Energy	24.10	23.95	23.95	24.10
Nthern Telecom	74.60	73	74¼	72½
Nova	12.45	12¼	12.35	12.35
Onex	14.30	14.20	14¼	14.20
Placer Dome	33.40	32.65	32.65	33.10
Potash Sask	91½	90¼	91	89½
Provigo	7.40	7.10	7.40	7.05
Quebecor Print	21.85	21.55	21.85	21.85
Renaissance	36.05	35.90	36	35.90
Rio Algom	26.90	25¾	26½	26
Seagram Co	46½	45¾	45¾	45.70
Stone Consold	16¾	16.60	16¾	16.65
Talisman Eny	32	31½	31¾	31.80
Teleglobe	21.55	21.40	21.55	21.45
Telus	18.40	18.20	18.40	18.20
Thomson	21.60	21.15	21.60	21.10
TorDom Bank	24.15	23.90	23.95	23.85
Transalta	14¾	14.65	14¾	14¾
TransCda Pipe	20¼	20.10	20¼	19.90
Utd Dominion	31½	31.10	31¼	31¼
Westburn	10.10	9.90	10	9.90
Westcoast Eny	20½	20.35	20.35	20.35
Weston	47½	46.90	47.20	47.15

Vienna
ATX index: 1090.14 — Previous: 1092.57

	High	Low	Close	Prev.
Aust Airlines	1649	1649	1649	1601
Brau-Un Goess	678	677	677	678
Bund Vers Pfd	446	446	446	446
Creditanst PC	1489	1489	1490	1490
EA-Generali	3190	3160	3175	3140
EVN	1503	1480	1480	1505
Interunfall	1570	1570	1570	1575
Lenzing	678	664	674	691
Leykam	307	301	302	304
Mayr-Melnhof	461	457	461	458
OMV	1099	1070	1080	1085
Oest Brau	610	602	610	606
Oest Elektriz	820	817	817.50	820
VA Tech	1319	1310	1312	1314
Wienerberger	2180	2150	2163	2175

Wellington
NZSE-40 index: 2896.23 — Previous: 2895.43

	High	Low	Close	Prev.
Air N Zeald B	3.20	3.19	3.19	3.19
Brierly Invt	1.38	1.37	1.38	1.37
Carter Holt ord	3.35	3.30	3.33	3.35
Fernz	4.36	4.30	4.35	4.30
Fisher Paykel	4.68	4.60	4.68	4.67
FC Forest	1.82	1.78	1.81	1.80
Goodman Fder	1.49	1.49	1.49	1.49
Indep News	5.00	4.90	5.00	4.90
Lion Nathan	3.84	3.81	3.81	3.80
Nat Gas note	1.98	1.97	1.98	1.96
NZ Refining	N.T.	N.T.	N.T.	25.95
Telecom NZ	6.20	6.05	6.12	6.10
Trust Bk NZ	N.T.	N.T.	N.T.	2.25
Wilson Horton	9.70	9.52	9.70	9.52

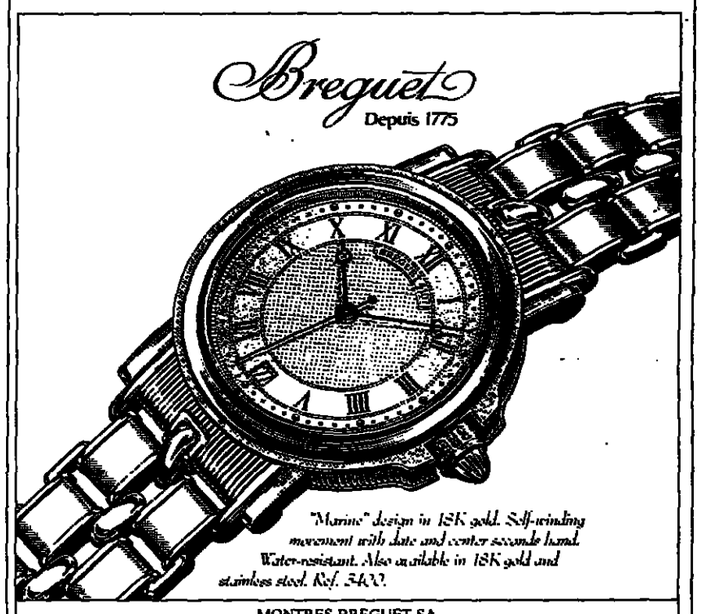
Zurich
SPI index: 2407.04 — Previous: 2389.54

	High	Low	Close	Prev.
Adia B	320	311	314	326
Alusuisse R	1035	1027	1033	1028
Ares-Serono B	1110	1090	1100	1070
Baloise Hdg R	2720	2670	2720	2700
ABB B	1560	1548	1548	1550
Bk Vision	1515	1490	1515	1498
Bobst B	1820	1800	1805	1800
Ciba Geigy R	1525	1517	1525	1508
CS Holdings R	119	118.25	119	118
Elektrowatt B	468	460	463	466
Fischer B	1450	1440	1445	1435
Hilti PC	950	940	940	950
Holderbank B	1000	993	1000	992
Jul. Baer Hdg B	1370	1350	1350	1360
Merkur Hdg R	263	261	263	264
Nestlé R	1429	1414	1429	1414
Oerlikon R	131	129	130	131.50
Pargesa Hld B	1500	1470	1500	1460
PharmVision B	5855	5820	5830	5800
Pirelli B	165	163	165	164
Roche Hdg PC	9590	9530	9545	9500
Sandoz R	1433	1426	1431	1425
SBC R	247	244.50	247	246
Schindler B	1340	1310	1330	1350
SGS B	3010	2980	2995	2990
SMH B	880	865	870	879
Sulzer R	804	798	804	797
Swiss Reins R	1287	1268	1285	1270
Swissair R	1218	1210	1211	1210
UBS B	1232	1225	1225	1222
Winterthur B	745	740	745	740
Zurich Assur R	342	338	341	339

NYSE

Friday's 4 p.m. Close

Nationwide prices, not reflecting late trades elsewhere.
The Associated Press.



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Continued on Page 14

BHP Writes Off Stake in Vietnam's Dai Hung Oil Field

Bloomberg Business News

MELBOURNE — Broken Hill Pty. said Friday it had written off its entire investment in the Dai Hung oil field in waters off Vietnam.

Australia's largest resources group said in its annual report that it was taking a one-time charge of 151 million Australian dollars ($119 million) on the project.

BHP also reported that net profit for the year ended May 31 fell 14 percent, to 1.05 billion dollars, including extraordinary charges of 247 million dollars that contained the write-off for the Dai Hung field.

It said higher prices for products, higher natural gas sales volumes, and lower exploration expenses were offset by such factors as lower oil and liquefied natural gas volumes and a loss from Dai Hung operations.

BHP, which holds a nearly 44 percent stake in the field, said that under the current terms of the Dai Hung contract further appraisal of the field was not warranted. Dai Hung's "future would have to be under question," said John Prescott, BHP's chief executive.

Mr. Prescott said that BHP was hoping some weeks ago to reach deals that would allow development of two more exploration wells. That has not happened, he said.

"Unless negotiations reach a better conclusion than they have to date then the future for that operation is bleak," Mr. Prescott said.

Mr. Prescott said BHP's experience had not reduced BHP's view of the potential of Vietnam as a place for investment.

David Cliff, an analyst at Burdett Buckeridge & Young Ltd. in Sydney, said: "They've had a pretty disappointing time with the project and it probably was expected."

Mr. Cliff said BHP's options appeared to be either to shut the project completely or try to renegotiate a better production contract with the Vietnamese government.

But Nguyen Hung Lan, deputy director of international cooperation for state-run PetroVietnam, said terms of BHP's contract for the Dai Hung field were not negotiable.

The company became involved in the Dai Hung project in April 1993. The Dai Hung field is about 160 miles (256 kilometers) southeast of Vung Tau in southern Vietnam.

The other partners in the project are PetroVietnam, with 15 percent; Petronas Carigali, with 20 percent; and Total and Sumitomo Corp. with 10.625 percent each.

The total investment in the project was to be 1.8 billion dollars. Production during the first phase of development was expected to be about 25,000 barrels per day.

BHP had said the "most likely" reserves for Dai Hung were about 700 million to 800 million barrels of light, waxy, very low sulfur oil. BHP said estimates of the field's reserves were as low as 400 million barrels, or as high as 1 billion barrels.

Jobless Rate In Japan Hits Record

Reuters

TOKYO — Japan's unemployment rate swung to a record high in May as its economic recovery failed to create enough jobs for a flood of people flowing into the labor market.

The jobless rate rose to 3.5 percent in May from 3.4 percent in April, official data showed Friday.

Unemployment for men also hit a record 3.6 percent, compared with 3.3 percent a month earlier. But the news was better for women, with the rate falling to 3.4 percent in May from a record 3.7 percent in April.

Prime Minister Ryutaro Hashimoto has labeled the job situation one of his government's major concerns, although the figures remain much lower than in other major countries.

Ministry of Labor statistics showed there were 69 positions offered per 100 job seekers in May, up from 67 offers a month earlier, underlining economic recovery.

But economists were mainly pessimistic, expecting the jobless rate to continue moving upward.

South Korea Unions Bloom

Changing Political Environment Helps Labor

Bloomberg Business News

SEOUL — Labor unions have come a long way from the days of South Korea's military dictatorships, when going on strike meant you could be jailed or beaten.

With a former labor activist in the president's office, unions are now flourishing.

The government made major concessions to unions last week at two of the biggest and most important concerns it owns: Korea Telecom and the Seoul subway system.

The companies reinstated two dozen workers who had been fired under South Korea's labor laws for leading illegal strikes or for violence. They also raised wages by 8 percent when the government said it would have preferred a 5 percent raise.

But labor specialists say it is only a matter of time before President Kim Young Sam recognizes the outlawed Korean Confederation of Trade Unions, which had demanded the workers be rehired.

After a long career as an opposition leader, Mr. Kim was elected three and a half years ago as South Korea's first civilian leader in more than three decades.

"The labor movement here is increasingly becoming tougher amid a changing social and political environment," said Lee Sun, vice president of the state-run Korea Labor Institute.

The Korean Employers' Association complains the government should not have reinstated the fired workers, saying that only the courts can do so. The government also gave subway and telecommunications workers the maximum raise allowed under its own guidelines for preventing inflation, said the association's vice chairman, Cho Nam Hong.

Because labor negotiations at key state companies, such as the Seoul subway, usually set precedents for talks at private companies, management is alarmed.

Cheap labor had long been South Korea's main weapon in its competition with other Asian countries. That advantage has almost disappeared. The average factory wage is now about $400 a week.

"Our wage levels are only second to Japan in Asia," said Lee Jung Il, a labor analyst at Samsung Economic Research Institute. "They're the same or higher than Singapore, Taiwan and Hong Kong. This will continue to hurt corporate profits." Wages will grow faster now that unions are gaining strength, Mr. Lee said.

The government wants to join the Organization for Economic Cooperation and Development by the end of the year. But the Paris-based organization demands that Seoul first recognize the outlawed confederation of unions, which has 420,000 members at the three big automakers and in the shipyards.

Anti-business sentiment is high. In a major corruption scandal, some of South Korea's biggest executives have been charged with bribing two former military dictators with billions of dollars in return for government contracts and other favors.

South Korean unions also have managed to organize 15 percent of all workers, about the same percentage as in the United States. Yet the labor movement in South Korea is growing, unlike in America.

The labor movement here still has a long way to go to gain the ground won by U.S. labor unions decades ago. The South Korean government recognizes only one trade union group, the Korean Federation of Trade Unions, which has 1.1 million members. Government workers and teachers are still banned from joining unions.

"South Korea is supposedly a democratic country, but its labor laws are still dictatorial," said Chun Jae Hoon, a union leader at Kia Motors Corp.

Consider Kia, where 17,000 workers are on strike for a ninth day. Kia gave in to the demand that weekly hours be reduced to 41 from 44, and it granted workers a 7.6 percent pay raise.

Now the union has asked that its members be paid for the days they have been out on strike, not a common practice even in Western nations. Some labor activists have said the demand is unwise, and on Thursday, nearly half the striking workers voted to forego that demand and go back to work.

Investor Seeks to Reduce China Air Stake

Bloomberg Business News

TAIPEI — China Air Lines Ltd.'s biggest shareholder might sell as much as 31 percent of the Taiwanese carrier to help it expand abroad, an airline spokesman said Friday.

The China Aviation Development Foundation is negotiating to sell 16 percent of China Air Lines, said Charles Hsu, a spokesman for the airline. The government-linked foundation may then sell 15 percent more, he said.

Such sales, which a CAL executive hinted at last month, would reduce the foundation's stake in the carrier to 53 percent from 84 percent and put more of the airline in foreign hands, and possibly help improve management.

An official at the foundation said the organization was talking to eight groups of foreign investors about buying the 16 percent stake. With more foreign investors, the carrier would have an easier time expanding abroad, the official said.

Wheelock NatWest said it was advising China Aviation Development on the transaction.

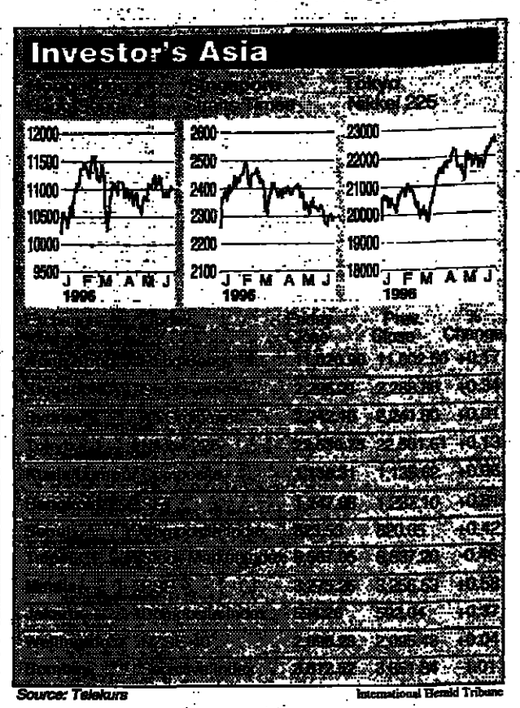
On the Taiwan stock exchange, China Air Lines shares closed 1.70 Taiwan dollars (6.2 cents) higher, at 40.00 dollars.

China Air Lines has 41 passenger aircraft and flies to 34 destinations in 20 countries. Its fleet consists of 23 jets from Boeing Co., 14 planes from Airbus Industrie and four aircraft made by McDonnell Douglas Corp.

Separately, CAL named H.H. Sun president of Formosa Airlines. CAL bought 33 percent of the domestic carrier for 660 million dollars.

■ JAL Narrows Group Losses

Japan Air Lines said Friday its consolidated group loss narrowed to 6.3 billion yen ($57.6 million) in the year to March from a loss of 10.5 billion yen a year earlier because of improved international passenger and cargo traffic, Agence France-Presse reported from Tokyo.



Very briefly:

• **South Korea's Securities Exchange Commission** has removed a limit barring foreigners from buying a majority stake in domestic companies that request and receive dispensation for direct investment or overseas equity-based bond issues.

• **South Korean** industrial output grew an annual 9.8 percent in May, up from an 8.3 percent rise for April; but inventories rose sharply in the month because of slow exports.

• **Singapore Telecommunications Ltd.** shares have brought the government 184 million Singapore dollars ($130.4 million) in a private placement to foreign investors on Thursday. Each of the 50 million shares went for 3.68 dollars a share, or 6 percent below Thursday's closing price.

• **Central Bank of China, Taiwan's central bank,** is considering a plan to lower the average bank reserve requirement within three years to 5 percent of deposits from 10.58 percent, the China Times Express said.

• **Jardine Transport Services,** a unit of **Jardine Matheson Holdings Ltd.,** has formed a venture with **Dongguan Foreign Trade Development Corp.** to provide daily freight service between Hong Kong and the south China city of Dongguan.

• **Telecom Finland** said it would be the first operator to have a so-called global system for mobile communications roaming agreement in China. After a deal is made final by autumn, it said its clients could use their mobile phones in China.

• **Kanematsu Corp.** of Japan said it had bought the Asian and Australian units of **Memorex Telex NV** for $25 million.

• **Major Telecoms Inc.,** a unit of **Philippine Global Communications Inc.,** plans to raise $100 million by taking on a foreign partner and selling shares to the public next year, its president said.

• **Siam Motors Corp.,** which assembles **Nissan Motor Co.** cars in Thailand, will form an automotive-parts joint venture with **United Technologies Corp.,** the U.S. company said.

• **PT Lippo Karawaci's** shares soared in their debut on the Jakarta Stock Exchange, with local shares closing at 3,500 rupiah ($1.50) and foreign shares finishing at 3,575. Both sets of shares were offered at 3,250 rupiah. *AFP, Reuters, Bloomberg*

Kantor Hints at Burma Sanctions

Compiled by Our Staff From Dispatches

BANGKOK — U.S. Commerce Secretary Mickey Kantor said Friday that economic sanctions against Burma could help press the country's military leaders into making changes.

"The administration is deeply concerned about the situation in Burma," Mr. Kantor said during a visit to Thailand. "This regime in Burma has cracked down on democratic freedom of association and pluralism and on democratic institutions, and we're concerned."

He said the U.S. government wanted to make every possible effort to bring about change in Burma.

"There are times when economic restrictions done in an appropriate fashion can be very helpful," he said, citing the economic sanctions used against Serbia, South Africa, Libya and Iran.

On Thursday, the U.S. Senate Appropriations Committee approved a foreign-aid bill that requires economic restrictions be imposed on Burma.

In a speech to the American Chamber of Commerce, Mr. Kantor said Thailand needed to make more effort to prevent pirating of intellectual property, which cost U.S. business $212 million in potential revenue last year.

He said Thailand should also remove obstacles to foreign parcel-delivery firms wanting to provide services. *(Reuters, Bloomberg)*

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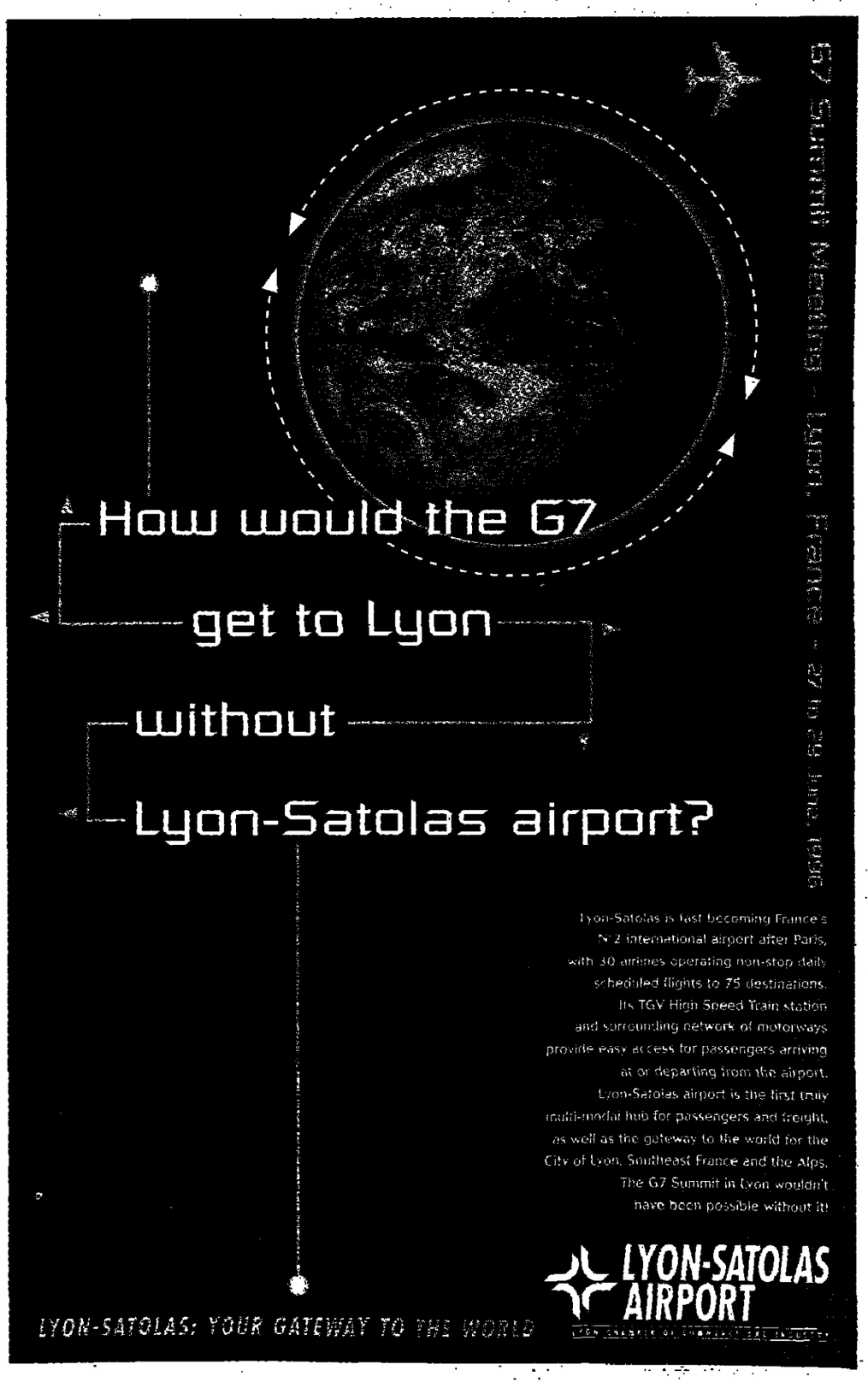

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(Continued)

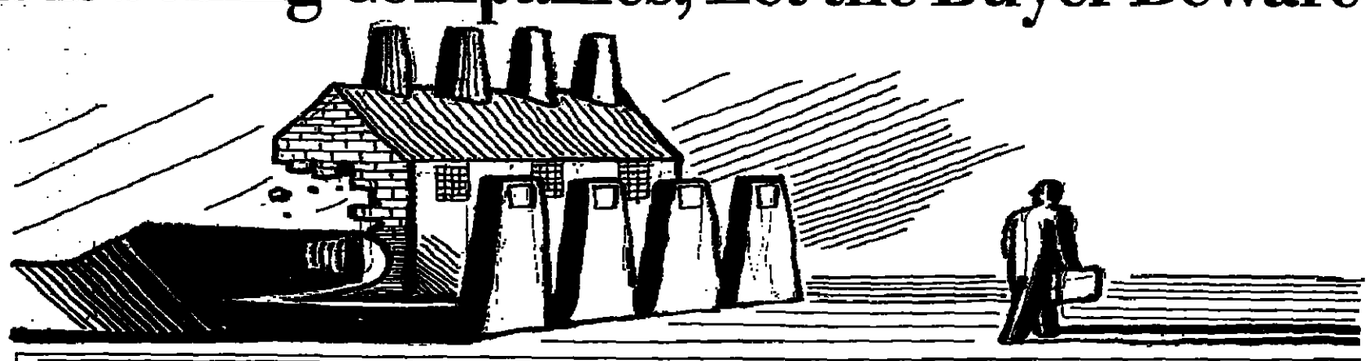
International Herald Tribune

THE MONEY REPORT

SATURDAY-SUNDAY, JUNE 29-30, 1996
PAGE 15

When the Government Is Selling Companies, Let the Buyer Beware

By Aline Sullivan



THE CONNECTION between Olympic athletes and nuclear power stations is not immediately obvious, but Britain's government has decided that pictures of taut muscles are preferable to reactors in attracting buyers for British Energy, due to be privatized later this year.

Behind the glossy advertisements the true value of state-run companies can be hard to discern. In a report published in London this month, Morgan Stanley & Co. analysts acknowledged that investors in European privatizations who chose their candidates carefully have made substantial returns. Most, however, have not.

"Taken as a whole, the investor has been a loser more often than he has come out on top," Richard Davidson and Markus Rosgen wrote in the report. "No surprise then that enthusiasm for the whole process has waned."

That is bad news for governments struggling to cut taxes, pay debts and meet the financial demands of aging populations via sales of state-owned companies. In Western Europe alone, plans have been made for the sale of assets valued at up to $300 billion over the next few years, doubling the amount raised from privatizations since 1981.

In Europe, France has the most candidates, followed by Italy and Germany, where the November sale of Deutsche Bank is expected to raise almost $10 billion. But the impact on small markets will be the greatest: Portugal's planned issues will more than double the size of its equity market over the next few years.

Sell-off programs are even more ambitious in the developing economies of Eastern Europe, Latin America and Asia. But in all these countries, the issuing governments are being forced to rethink their strategies.

"In the first stage of privatizations in the late 1980s, investors on the whole received very good deals because the governments were so keen to get the big issues under way," observed James Cornish, equity strategist at NatWest Securities in London. "Then the governments become a bit greedy and investors turned off."

The surest way to make a privatization issue attractive is to price it cheaply, analysts and fund managers said. A low price generally prompts demand from institutional and private investors and often leads to the issue becoming oversubscribed.

In that event, governments tend to favor the private investors, partly because their participation appears to increase the chances of a sharp price rise once the shares are listed. Also, governments are eager to widen share ownership and thereby provide their citizens with a vested interest in the the privatization programs.

Mr. Rosgen of Morgan Stanley stressed that it was difficult to say exactly what makes a privatization inexpensive because there are enormous variations among countries and industries. "Investors must look for quality of management and determine where the earnings are coming from," he said. "First make sure that the company is viable long term and then compare it against similar groups."

PRIVATIZATIONS

Other analysts suggested that a newly issued stock should be considered attractive if its price-to-earnings ratio is between 5 percent and 10 percent less than comparable stocks in the same industry and country.

Many issues deserve to be priced cheaply. "Because many of these industries are still in the throes of restructuring and, in some cases, have poor profit records," the Morgan Stanley analysts observed, "they have tended to trade at a discount to their book value," which is the value of their assets.

Attractive flotation prices are no guarantee of long-term performance. Some analysts worry that governments in many countries lack political will to relinquish control after privatization, particularly of those companies that remain either monopolies or quasi-monopolies and are capable of exploiting customers if no ceiling is placed on the prices they can charge. Powerful interest groups are demanding that rigid tariffs should survive privatization.

"Valuing privatizations according to normal stock market guidelines is almost impossible because they are so political," saidRalph Lazar, investment analyst at ING Baring Securities in London.

In Europe and in Latin America, many of the companies coming up for grabs are in politically and economically sensitive sectors. Besides the outlook for utility rates, investor concerns include overemployment in some of the public monopolies and emotional attachments to some of the national companies, such as the airlines, which would discourage foreign ownership.

"The companies that are still being privatized tend to be the ones with strings attached," observed Anna Bossong, head of Eastern European services at ING Baring Securities in London. "Often the sector has strategic value to the government which will try to keep some control. Investors in these companies need to have some guarantees."

She pointed to SPT, the Czech Republic's state run telecom company, as a case in point. Its privatization in 1994 was extremely successful because the government had established a pricing formula and assured that a major strategic shareholder would purchase a substantial stake. The following year, the Dutch post and telecommunications concern Koninklijke PTT Nederland NV bought 27 percent of the company.

To increase the allure for investors, privatization incentives that governments use include downside support such as the 20 percent contingent protection offered to investors in the three-segment sale of the Spanish energy company Repsol SA. Shareholders can be similarly induced to buy equities through partial or installment payment plans.

Bonus payments for investors who hold on to their shares can also be attractive. In France, for example, the government gives investors one bonus share for every 10 shares purchased if they retain their holding for 18 months, a strategy that has enabled long-term portfolios to achieve profits of 25 percent, or more than double the performance of short-term sellers, according to Charles Fry, chief executive of the Johnson Fry Managed French Privatization Service in London.

This French incentive has helped challenge the perceived wisdom in many countries that the surest way to make a profit is to subscribe to shares in newly privatized companies and then sell them as fast as possible. Instead, investors in most countries who held on to early issues have outperformed the market.

In Austria, for example, investors who bought issues sold between 1988 and 1990 have since found that their holdings have doubled in value against the market as a whole. Italian and British shares also outperformed over that period, although returns since 1994 have been unattractive.

But in many countries, the best known and most attractive companies have simply been sold. Regardless of the price and incentives offered, some forthcoming privatizations will struggle because the offerings are just second-rate.

"Investors need to make a distinction between companies that are at the forefront of their industry and those that are not," said Roger Palmer, head of Latin American equities at Kleinwort Benson Securities. "They also need to separate those that have already been partly privatized and those that are brand new to the market. The big gains come when the companies trade for the first time."

Selected Privatizations 1990-1995

	Date of sale	Percent of capital	Shares (millions)	Price per share	Recent price	P/E ratio at offering*	Current P/E*	Current yield (%)	Price change from offer
YPF	7/8/93	45.3	160	$19 (U.S.)	23	13.9	11	3.5	21.05
British Telecom 2	12/1/91	25	1,597.5	£3.35 U.K. public	£3.505	9.86	11.1	6.7	4.6
				£3.50 Int'l tender	£3.505	10.30	11.1	6.7	0.1
British Telecom 3	7/14/93	20.7	1,220	£4.10 U.K. public	£3.505	20.67	11.1	6.7	(14.5)
				£4.20 Int'l tender	£3.505	21.18	11.1	6.7	(16.5)
Elf Aquitaine	2/1/94	37.8	60.4	385 FF public offer	379.7 FF	92.35	20.1	5.1	(1.4)
				403 FF institutional	379.7 FF	96.68	20.1	5.1	(5.8)
Renault	11/10/94	28.4	67.6	185 FF domestic	131.7 FF	34.91	14.7	4.0	(20.2)
				176 FF international	131.7 FF	37.24	14.7	4.0	(25.2)
Union des Assurances de Paris	5/3/94	50	94.6	152 FF retail	103.5 FF	27.59	neg.	4.3	(31.9)
				155 FF institutional	103.5 FF	28.14	neg.	4.3	(33.2)
Banca Commerciale Italiana	3/1/94	54.3	570	5,400 lire	3,159 lire	21.34	14.6	4.8	(41.5)
ENI	11/22/95	14.7	1,200	5,250 lire	7,611 lire	13.10	19	2.8	45.0
Istituto Mobiliare Italiano	2/4/94	33	200	10,900 lire	12,958 lire	11.71	14.1	3.9	18.9
Istituto Nazionale Assicurazioni	7/1/94	58.5	1,890	2,400 lire	2,297	49.23	22.3	2.4	(4.3)
Japan Tobacco	9/1/94	33	0.67	1,438,000 yen	840,000	45.2	25.4	0.71	(41.58)
Repsol 3	4/7/95	19	52.5	3,620 pesetas institutional	4,490	11.22	11.44	3.8	24.0
				3,448 pesetas retail	4,490	10.69	11.44	3.8	30.2
China Steel	3/7/95	19.86	1,443	21.40 Taiwan dollars	28.7	17.24	36.42	5.1	36.7

*approximate

Source: Privatisation International; Bloomberg

Rush to Fad Funds Left Common Sense Behind

By Conrad de Aenlle

THIS IS a tale of woe about two funds that were sold not wisely but too well. Whether it becomes a tragedy depends on the fate of the stocks the funds have had the misfortune of buying and the effort of their managers to increase the market price of the funds' shares, which are trading at sizable discounts to the value of their holdings.

The Kleinwort European Privatization Investment Trust and the Mercury European Privatization Investment Trust, both closed-end funds listed on the London Stock Exchange, have traded at deep discounts to the values of their holdings since they were introduced early in 1994. This has angered shareholders, many of whom would have been better off putting their money in banks.

When the management companies, Kleinwort Benson Investment Management and Mercury Asset Management, launched the funds, stock in privatized companies in Europe had just completed a rally that had the typical share selling at 15 times annual earnings at the end of 1993, up from a price-earnings ratio of just 10 in mid-1992.

At those prices, it is no coincidence that 1994 was the year governments across Europe raised a record $32.6 billion through asset sales, 46 percent above the previous high, set in 1991. It was also no coincidence that Kleinwort and Mercury decided to launch privatization funds at that time. The two raised £1 billion (about $1.47 billion at the time) between them. They were the largest closed-end fund issues ever in Britain.

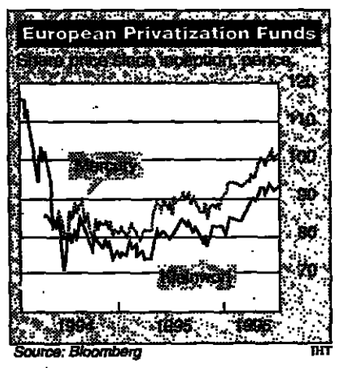
Unlike open-end mutual funds, closed-end vehicles issue a specified number of shares of their own stock, which is then traded like a company on a stock exchange. Because the price of the fund's shares is determined by investor demand, it can vary from the value of the stocks that the fund owns.

Unfortunately, privatization stocks had reached their zenith around the times these two funds were floated, so there was nowhere to go but down.

"Interest hasn't been there since launch because anyone who was going to buy bought at the time," said Daniel Godfrey, marketing director of Fleming Investment Trust Management, which holds a 10 percent stake in the Kleinwort fund. "These were very large trusts, they got the public's imagination, the market didn't do what they expected, they went to big discounts and they had a lot of very unhappy customers."

As in any decent tragedy, the protagonists should have seen it coming. But Hamish Buchan, a director of NatWest Equities who follows mutual funds, said, "Greed took over." Yet, he added, the blame must be shared with a public that was eager to be seduced. "You can only sell as much as people will buy," he said.

After European privatization shares quickly fell from their peaks, the funds traded at discounts to their net-asset values, or for less than the shares in them were worth. Within three months, the Kleinwort fund was selling for about 12 percent less than its launch price, a large drop for a diversified portfolio of blue-chip stocks in an otherwise flat market. The fund is still 5 percent below its launch price, although with dividend payments holders are just about breaking even. The Mercury fund has a total return over the two-plus years of 13 percent.



The Kleinwort fund started operations close to the absolute high in January 1994, and until recently concentrated on Continental Europe, when better pickings were available in Britain. Mercury's fund has been more heavily invested in Britain, and it was started after prices had backed down considerably.

Mercury was the first of the funds to tackle the persistent discount. In addition to a program to reduce the number of shares outstanding, it is talking the fund up among financial advisers and has offered to sell any British privatization shareholding held by investors for a £10 commission, which is well below the normal rate, and invest the proceeds in the fund.

So far, though, "it is fair to say the discount has not narrowed appreciably," said Lough Callahan, managing director of Mercury's investment trust division.

Kleinwort's plan, with the same goal as Mercury's, could reduce the number of shares by 60 percent and awaits shareholder approval.

Balky Brazil Has Utilities for Investors

By Judith Rehak

BRAZIL'S privatization program has been making all the forward progress of a samba, but the country's on-again, off-again efforts are giving investors who missed out on other Latin American markets an opportunity to capitalize in the country's utility sector.

"The process is taking much longer in Brazil because it's a huge country with huge lobbies for different industries, and they're fighting very hard to maintain their privileges," said Peter Gruber, president of Globalinvest, an off-shore money manager. "The Congress is multi-party, so it's hard to pass reforms easily. It's three steps forward and two back."

The privatization program took a major step in May with the $2.3 billion sale of the government's controlling shares in Light, Rio de Janiero's electric utility. The event, which had been repeatedly postponed over the past few years, reflects the slow pace of privatizations in Brazil, compared with the rest of Latin America, where most state-owned companies have already been sold.

Brazil's privatizations are atypical in other ways. In contrast to many such programs, where all shares are sold at one time, a number of Brazil's cash-starved government companies have been selling blocs of shares to the public ahead of full privatization. As a result, local and foreign investors are together shareholders in government controlled companies like Electrobrás, or Centrais Elétricas Brasileiras, the electrical generating utility, the mining giant Companhia Vale do Rio Doce, and Telebrás, or Telecomunicacoes Brasileira, the telecommunications company.

Moreover, many of these same investors have already profited handsomely, provided they had the determination to ride out Brazil's turbulent stock market and politics. In the recent Light privatization, for example, the government gave existing shareholders the opportunity to sell their shares at the official price of 390 reals ($388). "It's not that we're against privatization," emphasized one money manager who sold, at doubled his money on this year-year investment. "It was a great deal."

Telebrás, which holds stakes in state phone companies and handles all international phone calls, is another example. Although the government will not sell its controlling interest until 1998, it is a staple of investment portfolios, accounting for half the trading volume on the Bovespa, Brazil's principal stock exchange. It is also listed as a dollar-denominated American Depositary Receipt on the New York Stock Exchange, where its price has doubled in the past year.

What drives such price run-ups when — as Joan van de Walle, Latin America analyst for Alliance Capital Management, noted — these companies are for the most part poorly managed? Brazil's huge potential has long lured investors, and though risks remain high, investors have become cautiously optimistic because of the government's recent success in taming the country's runaway inflation to roughly 2 percent a month, down from 40 percent a month two years ago. There is also an element of expectation when a company's privatization date looms. After enduring years of poor service, meddling and politics, "You can't imagine what a relief it is when the government leaves a sector," said a São Paulo money manager.

But in the case of electric utilities and phone companies, where investor interest is currently focused, observers point to another important development. The government is increasingly willing to grant rate increases so that the companies will become more profitable and command higher prices when they are sold off. The spurt in the share price of Telebrás, for instance, was fueled by the announcement of a tariff increase last November. Analysts predict the company's earnings will double this year.

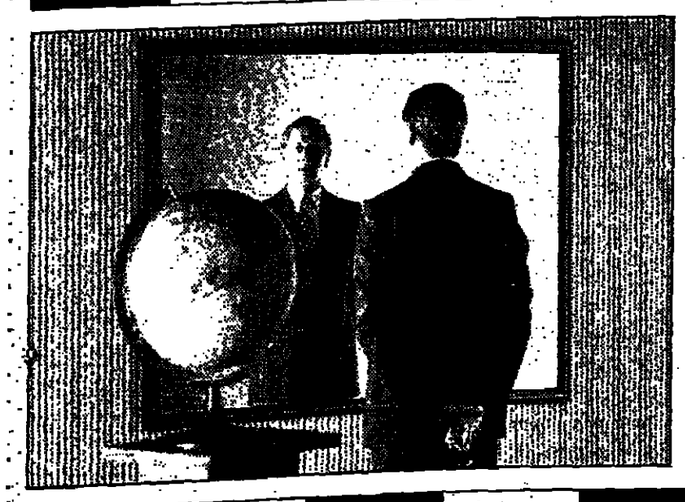
State phone companies are also gradually selling shares to the public, though their full privatizations are even farther down the road than Telebrás's.

"It doesn't matter because in the run-up to privatization, the government will have to give the entire system more rate increases," said Fiona Tchen, who manages two Brazil funds for Foreign & Colonial in London. One investor favorite is Telesp, or Telecomunicacoes de São Paulo, the second-largest company after Telebrás, which serves the state of São Paulo. Though it is the most expensive of these companies, it is seen as having the greatest potential because of its prominence as a business center.

Investor activity is also heating up in state-level electrical utilities. Mr. van de Walle said Alliance Capital had taken profits in Electrobrás, Brazil's federally owned utility, and redeployed them into state electrical companies. "Electrobrás is a much more complicated company with an unclear future because it's selling its assets," he said. "There are a lot of cheaper companies in the state utilities sector where the balance sheets are more easily understood."

Other government-run companies in Brazil are slated for the auction block, ranging from Vale do Rio Doce, sched-

See BRAZIL, Page 17



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THE WORLD'S DAILY NEWSPAPER

THE MONEY REPORT

It's Asset Sales or Bust as New Delhi Coalition Strives to Narrow Budget Gap

By Conrad de Aenlle

THE EMBRYONIC coalition government cobbled together in India may be fragile, but its commitment to privatization appears firm. Eager to hack away at a wide fiscal deficit and move apace with economic liberalization, the government made clear in its initial days in power earlier this month that the country's program of asset sales would be among its priorities.

Past governments sold state businesses, but the way they went about it — letting go stakes of 5 percent to 10 percent in certain companies every so often — made it seem as though their hearts were not in it.

The new prime minister, H.D. Deve Gowda, and his finance minister, Palaniappan Chidambaram, a Harvard-educated lawyer, indicated they intended to go much further, much faster toward privatizing India's bloated, protected industries. The two leaders "have come out in full favor of continued reform and said they'd like to continue the privatization program," said Sam Mahtani, an India fund manager at Foreign & Colonial Emerging Markets. "They have actually set up a privatization commission, which hadn't been done before. They have put it sort of toward the top of the agenda."

Earlier governments may not have been able to sell large stakes in state businesses even if they had wanted to. They used a peculiar sales method in which prices were set but not disclosed. If bids did not at least equal the secret prices — and they often did not — there was no sale.

Prices in privatizations by this government are likely to be determined by a solicitation of bids from prospective institutional investors, Mr. Mahtani explained, and much larger chunks will be up for sale.

"The government wants to reduce its stakes in public-sector units down to 51 percent," he said, adding that "under the new system, the government has now said it would allow strategic investors to take a stake." That is a euphemism for outside managers who know what they are doing, something almost unknown under past practice.

The new approach is likely to attract overseas buyers, which have been conspicuously absent and without which many planned sales fell through. Elizabeth Morrissey, managing partner of Kleiman International, an emerging-markets consultancy, noted that India had intended to sell stakes in companies valued at 70 billion rupees ($2 billion), in the year ended March 31. Completed sales totaled just 3.75 billion rupees.

Future privatizations should be more successful, Ms. Morrissey said, because the finance minister, Mr. Chidambaram, "is a known entity to foreign investors. Foreign investors don't like surprises."

The prime minister, too, developed a reputation as an economic liberal when he ran the government in Karnataka and helped to develop the state capital, Bangalore, into the Silicon Valley of India.

THE TRUST they inspire in foreign buyers would dovetail nicely with their desire, and that of their coalition partner, the Congress (I) Party, to speed up privatization.

"Congress wasn't strong enough on its own to push privatization through," Ms. Morrissey said. The parties controlling the new government "understand the immediate positive impact of privatization." Which is money. Selling state companies brings cash into the treasury, which would help India's new leaders honor their pledge to reduce the fiscal deficit this year to 4 percent from 6 percent. Beyond that, privatization relieves the government of having to fund the companies' usually excessive payrolls. Then, once they have been restructured into profitable enterprises, they must pay taxes.

With India borrowing increasing amounts to finance its deficit, "the pressure to reduce the [budget] gap is all the more urgent," a report by ING Barings contended. "This will place added impetus on the privatization process, for both debt-retirement purposes, as well as the need to remove hemorrhaging associated with loss-making state entities."

Shares in the few companies that have been partially sold off over the years — the most notable are the domestic and international phones operators and two oil companies, Hindustan Petroleum Corp. and Bharat Petroleum Corp., known as BPCL, — have performed in line with the broad market, Mr. Mahtani said. The market has risen about 25 percent this year, when expressed in dollars, but it is still nearly 15 percent lower than it was at the start of 1995. Mr. Mahtani said his India portfolios owned some privatization shares, but he refused to say which ones or whether he would buy any new issues. If he and his fund-management brethren do not, there will be few practical opportunities for small investors to take part. No privatized Indian companies trade as American or global depositary receipts on Western stock exchanges, and Indian authorities like to concentrate shares among institutional holders.

Ms. Morrissey conceded that "there are probably going to be fights over privatization among the various members of this coalition. Everyone agrees that privatization has to happen. The question is what's going to be privatized and how much there will be. The question from the standpoint of foreign investors is, 'Does anyone have the strength to push through legislation to allow, on a case-by-case basis, companies to lay off people?' That's not done in India."

India's Energy Sector Looks Bright

By Neel Chowdhury

AGGRESSIVE investors who want to participate in the rally that has taken Indian stock prices up about 30 percent over the past five months ought to consider companies in the state-controlled energy industry, but a hiatus of several weeks is likely before equities move significantly above current levels.

An acrimonious tussle between Finance Minister Palaniappan Chidambaram of India and his government's Communist coalition partners has put at least a temporary crimp in the market's rally.

Fearful that concessions to the Communists could lead to an increase in corporate taxes and a slowdown in the government's privatization program, investors have taken to the sidelines to await the presentation of the budget to Parliament on July 20.

The political wrangle is over how to reduce India's budget deficit, which is threatening to exceed 6 percent of the country's gross domestic product in the 1996-1997 fiscal year, which begins April 1. To finance the deficit this year, the government has borrowed about $7 billion, which has had the effect of sending bank lending rates to 19 percent.

On one side of the debate, the two Communist parties supporting India's 13-party United Front government object to any deficit-reduction measures that would jeopardize jobs or benefits for millions of government workers.

On the other side, Mr. Chidambaram seems hesitant to raise corporate taxes to shore up government revenue, a measure the Communist parties justify by pointing out that 14 of India's top 50 companies effectively avoid taxes by exploiting government loopholes, while corporate tax collection overall as fallen nearly 30 percent in the last four years.

The outcome of this debate, which will emerge in the budget's interest-rate and corporate-tax policies, is taking a toll on stocks as investors adopt a wait-and-see attitude. "Any prebudget rally on the stock market would be difficult at this point, said Sanjeev Sanghvi, a dealer with James Capel B&K Securities in Bombay. "Investors are waiting to see who wins."

Worries about the deficit had abated for six months, during which time foreign fund managers pumped about $1.5 billion into Bombay, rejuvenating a stock market that had fallen more than 25 percent for all of 1995. Analysts said one reason for the inflow was a hedging maneuver against a possible slide on Wall Street, but a more powerful catalyst was the surprisingly strong performance of India's top companies during the 1995-1996 fiscal year.

While the 350 biggest companies in India posted an average 24 percent increase in sales, the blue-chip corporations that dominate trading on the Bombay bourse delivered even stronger results. Net profit at Hindalco, India's largest aluminum maker, rose 38 percent, for example, while Tata Engineering & Locomotive Co., the

biggest Indian truck maker, reported a rise of 66 percent.

Trading at a price-to-earnings ratio of 10 at its nadir, while at the same time promising earnings-per-share growth of 35 percent, the Bombay market attracted a surge in foreign investment that ran through the middle of June.

For investors who preferred to minimize their risks by investing in small baskets of blue-chip stocks, the route into India this year was through country mutual funds, many of which overcame flurries of redemptions to emerge as aggressive investors in 1996. Three of the most successful funds this year have been those managed by Morgan Stanley & Co., Lloyd George Investment Management and Indosuez Asset Management.

But those who are less risk-averse and prefer to target specific sectors are zeroing in on the state-owned oil-and-gas sector.

A company such as Bharat Petroleum Corp., for example, which operates more than 4,200 gas stations across India and sells 15 percent of the country's petroleum products, profited handsomely from the 35 percent rise in sales of automobiles and scooters last year. During that period, Bharat Petroleum's sales increased 22 percent, to 92.4 billion rupees ($2.64 billion), helping raise net profit 33 percent, to 3.89 billion rupees.

Trading at a price-to-earnings ratio of 13 for 1996-1997, analysts predicted the 40 percent rise in the stock's price could accelerate if the government begins to deregulate fuel prices.

"Like a utility, Bharat Petroleum is the kind of stock that will give you 25 percent to 30 percent growth every year," said P. Dhileepan, an oil analyst at Crosby Securities in Bombay. "Plus there's the possibility of deregulation, after which pretax profits could triple."

India currently imports 45 percent of its crude oil, but despite the rising cost of petroleum purchased overseas, the government provides crude to such state-owned refiners as Bharat Petroleum at below-market prices. Bharat Petroleum, in turn, keeps retail prices artificially low by sticking to a mandatory 12 percent fixed rate of return on its capital.

India cannot afford to keep its own crude flowing at below-market prices, and many oil analysts are convinced the government must cut loose such companies as Bharat Petroleum.

"It's not a question of if, but when, said Sandeep Dhingra, an oil analyst with SSKI Securities in Bombay. "And when that day comes, stocks like Bharat Petroleum are duty-bound to go up."

INTERNATIONAL investors who want to target specific industries in India have two main ways to enter the market.

The first is through global depository receipts, the values of which depend on underlying stocks in the Indian market. These GDRs are traded internationally, and they have sufficient liquidity to be traded by many large securities houses.

The second method is by trading directly on the local equity markets. This is more difficult because the stocks are fairly illiquid, often making large orders difficult and time-consuming to transact. But because of these difficulties of getting into the local market, the GDRs of companies that have both kinds of equity generally trade at hefty premiums to the underlying shares, thus making the latter automatic bargains.

Similarly, the returns on individual stocks, while riskier than investing through funds, offers potentially higher rewards t. Even the best-performing funds rarely do better than the market.

American Banks Give Kids a Break

By Debra Nussbaum

WHEN ALANA Miller was 11, she decided that if she wanted to go to college, she had to start saving her baby-sitting money and weekly allowance. A neighbor in Massillon, Ohio, told her that a Key Bank branch in nearby Canton had a program for children. Youngsters who maintained accounts could earn model dinosaurs and recognition in a newsletter mailed to other "Dinosavers."

In 18 months, thanks to interest and additional deposits, Alana's initial deposit of $20 has grown to almost $300, she has received two dinosaurs and has become a member of the Key Bank Youth Advisory Council, whose young members advise the bank on how it can appeal to children.

"When I save at home, I end up spending the money," Alana said. "It's safer there, at the bank."

Many American banks make it easy for children to open savings accounts, by waiving minimum balances and service fees. They still do so today, even as pressure to cut costs is leading many to establish or raise fees and minimums on adults' accounts.

The banks are not simply being benevolent toward children. Rather, the savings programs and special treatment are marketing strategies intended to pay off in the short and the long term.

Children who learn early to save at the bank, the reasoning goes, will continue to do so as adults. In the meantime, the children's parents will see the bank as family-friendly, with something for everyone, and bankers are reluctant to end children's accounts for image reasons.

"It's good business sense, and it's good customer relations," said Patricia Boerger, of the American Bankers Association in Washington. "This helps build a loyal, long-lasting relationship."

Government figures for the first quarter of this year show that Americans save less than 4 cents of every dollar; in 1970, it was 8 cents. By comparison, the savings rate in Japan is 15.3 percent and in Canada, 8.3 percent.

Key Bank's Dinosavers program, geared to children 5 to 13 years old, lets them open accounts with as little as $10 at 1,300 branches in 11 states. An adult would need $50, with varying minimum balances to avoid fees.

Each deposit in a child's account is rewarded with a dinosaur sticker "to encourage savings behavior," said Eric Chester, a vice president at Cleveland-based Keycorp, Key Bank's parent.

After nine deposits of $10 or more, the child's name is published as a Super Dinosaver in a newsletter that reaches more than 100,000 households. Children who make regular deposits are rewarded with the model dinosaurs produced by the Carnegie Museum of Natural History in Pittsburgh.

Though the balances are smaller than the typical adult's account, and thus more costly to the bank, children's accounts receive the same interest rates.

"It's part of our strategic plan for the future," Mr. Chester said. "If a young family is driving by, they see that we have products and services for the whole family."

At Republic National Bank of New York, the Bank for Kids program has more than 40,000 participants. Children younger than 17 can open an account with only $2. Each receives a membership card, a quarterly newsletter, an annual birthday card and the same interest rate as for an adult savings account, which stood last week at 2.75 percent, said Irene Ferrall, the bank's associate managing director.

An adult would need $100 to open a savings account and need to maintain a minimum balance of $500 to avoid a monthly fee.

"We want children to learn the value of savings and to be familiar with the banking environment and not intimidated by it," she said.

These young savers may also start thinking about banks in terms of loans and business propositions.

In Leavenworth, Kansas, second-grade classes have been receiving "cookie loans" from the Army National Bank the last 10 years, to help finance bake sales.

This year, students at MacArthur Elementary School in Leavenworth toured the bank, heard a lecture on fiscal responsibility and signed the papers for a collective $30 loan.

The students used the money to buy ingredients and hold their sale. With the proceeds, they repaid the loan, including interest, and decided how to spend the profits.

Credit unions are also getting into the youth market with programs that encourage savings. Some have set up shop in high schools with student managers, said Jerry Karbon of the Credit Union National Association in Madison, Wisconsin.

"We want to encourage young people to save and not to put everything on a credit card," Mr. Karbon said. "We look at some of these programs as training grounds. Maybe these students will stay with it and we'll find them as tellers or managers in a credit union someday."

New York Times Service

BRIEFCASE

For Its Investors, Apple Pares Away

These are tough times for investors in Apple Computer Inc., Bloomberg Business News reported, with the stock near a 10-year low and the company's future in doubt.

Apple's stock traded as low as $19.75 last week, its worst since $19.00 on Nov. 24, 1986. The shares cost as much as $48.75 last summer.

"There's been no positive announcement in the past three months," said Gary Kaminsky, portfolio manager at Cowen & Co., who owns Apple stock. "People are really starting to think, 'Is Apple going to survive at all?'"

Investors have been hard-pressed to find a reason for optimism. The company is cutting prices to try to spur demand to get rid of existing inventory, and two of its most prominent software engineers left this month to join Microsoft Corp.

Technology companies, including computer makers, chipmakers and software publishers, have been hammered over the past few weeks on concern that second-quarter earnings will be poor. Computer companies in general face sluggish sales in Europe, while demand for personal computers from home buyers has slowed from last year's pace.

Apple, which posted a $740 million loss in its fiscal second quarter, is expected to continue losing money for the next several quarters.

Bogle Jr. Carries Anti-Fee Tradition

The apple never falls far from the tree, the saying goes, and that is the case with John C. Bogle Jr., son of the chairman of the Vanguard Group, the fund company long known for its insistence on minimal fees and expenses, Carole Gould of the New York Times reported.

The younger Mr. Bogle has left the Quantitative Group of funds, where he had managed Quantitative Numeric and Numeric II, to start his own fund group in Cambridge, Massachusetts.

The reason: He was unhappy with the expenses charged by the Quantitative Group. The Numeric funds carried back-end loads of 1 percent when holders sold plus an annual 12b-1 marketing fee of one-half of 1 percent. Because 12b-1 fees cover marketing expenses and are meant to let funds increase in size — to create savings based on economies of scale — he contended that it was particularly inappropriate to assess such a fee on a fund that no longer accepted new investors.

His new group, known as ni, consists of no-load funds, and expenses for each fund are capped at 1 percent. The ni Micro Cap fund invests in U.S. equities with capitalizations of $100 million to $1 billion; ni Growth is a domestic small-cap fund that invests in companies with capitalizations up to $1 billion, and larger companies with above-average earnings growth rates, and ni Growth and Value invests in the largest 1,000 American companies.

UN Subsidizing Gourmet Coffee

The United Nations is providing $1 million to five countries to perk up their export earnings with gourmet coffee, Knight-Ridder reported. The UN's Common Fund for Commodities has approved a project for the "Development of Gourmet Coffee Potential," submitted by the International Coffee Organization.

The project will enable Burundi, Brazil, Ethiopia, Papua New Guinea and Uganda to implement sustainable gourmet quality development and marketing strategies and therefore market a proportion of their coffee exports at higher prices than the rest of their crops.

European Firms Rough on Investors

IF YOU OWN stock in Compagnie Financiére Richemont AG, the Swiss-based South African-controlled luxury-goods company, you have entrusted your cash to one of Continental Europe's best creators of shareholder value, according to a study by CS First Boston that had some glum news for much of the rest of European industry.

The report found that European corporations outside of the financial industry have destroyed $175 billion of shareholder investments, with companies in Italy, Sweden and Germany being the worst offenders. The best alternatives were companies in Denmark, the Netherlands and Switzerland.

CS First Boston ranked major European companies by the amount of market value they have created for their shareholders. Its formula adds the market price of a company's common stock plus the book value of its debt and preferred stock and of marketable securities it holds. From this, CS First Boston subtracted the company's net assets and write-offs over the past 10 years. The difference between a company's market capitalization and its assets shows the value its managers have created for shareholders.

To compare companies of different sizes, the study took the market value and divided it by invested capital. If the value outstrips the investment, this number is greater than 1.

Overall, Denmark's value-added ratio came to 1.319, followed by the Netherlands at 1.279 and Switzerland at 1.241. The worst performer, Italy, had a ratio of 0.181, reflecting the destruction of $60.18 billion of investments. Germany, with its bigger economy, destroyed more than twice as much capital, $148.41 billion.

By industry, the report found the best Continental sectors to invest in were consumer goods, drugs, retailers and luxury goods. Investors fared poorly in such capital-intensive and cyclical sectors as steel, paper, chemicals and automobiles. Focused companies did well, while conglomerates did not.

So if you want to invest in a focused Danish company, try D/S 1912 A/S and its partner D/S Svendborg A/S, two shipping concerns, that had value-added ratios of 5.880 and 4.977, respectively. Over the past year, their stocks have shown total returns of about 28 percent.

In the luxury-goods sector Hermes International of France did well, with a ratio of 4.008. In the last year, its stock value, including dividends, has doubled. Richemont of Switzerland had a ratio of 19.666 following a 1993 reorganization that spun off some of its holdings into Vendôme Luxury Group.

In France, industrial conglomerates were bad news for investors. Alcatel Alsthom had a notably bad result, a ratio of 0.438. Although Alcatel stock has returned about 3.5 percent in the past 12 months, the shares trade 16 percent lower today than they did at the start of the decade.

German heavy industry also did little for investors, with Daimler-Benz AG's ratio at 0.150, Siemens AG at 0.122 and Volkswagen AG at a miserable 0.061.

© International Herald Tribune

BRAZIL: *2 Steps Back for 3 Forward, the Privatization Samba*

Continued from Page 15

uled for early next year, to banks and gas distributors, but they are not generating much interest among foreign investors. "Energy and telecoms are where it's happening now," said Mr. Fraga.

Investors with a stomach for risk, and patience, given the still slow pace of government sales, can participate in Brazil's privatizations in several ways. Morgan Stanley has U.S.- and Luxembourg-registered Latin American funds with substantial chunks in Brazil. For a purer play, Foreign & Colonial's Brazilian Investment Co. is listed on the London Stock Exchange; Scudder, Stevens & Clark recently launched a Luxembourg-domiciled clone of its U.S. Brazil fund.

Those who want a single bet on Telebrás can find its American Depositary Receipts listed on the New York Stock Exchange. For the more daring, Electrobrás, and a number of smaller, though often illiquid, state utility stocks are traded as unlisted ADRs in the United States.

Investors are especially enthusiastic about utilities serving the affluent southern states of Brazil, such as Celesc, or Centrais Electricas da Santa Catarina, in Santa Catarina State. Ms. Tchen noted that Copel, or Companhia Paranaense de Energia, which generates and distributes electricity to 2.4 million people in the state of Paraná, is about to issue dollar-denominated ADRs.

Luis Fraga, a vice president of Latinvest Management Co. in Rio de Janiero, favors Eletropaulo, the primary electric distributor for São Paulo, which provides 22 percent of Brazil's consumption. Mr. Fraga emphasized there is a bright outlook for these stocks once they are sold off.

"Our steel companies are a textbook example," he said. "They became much more efficient, and their share prices appreciated anywhere from 50 percent to 200 percent in the two years following privatization," he said.

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* Per Tass Management

WORLD ROUNDUP

John Moreni/AFP

John Roethlisberger performing on the vault at gymnastic trials in Boston to pick the U.S. Olympic team for Atlanta.

NBA Pact Reached

BASKETBALL The NBA and its players' association finalized their disputed collective bargaining agreement Friday, but all trades, negotiations and free agent signings will be prohibited from July 1 to July 9.

The moratorium, during which players will vote on re-ratifying the deal, allows the agreement to be put to paper so it can finally be signed, almost a year after it was first agreed to.

The agreement avoids the possibility of a lockout that had been threatened to begin late Sunday.

The six-year agreement was first ratified last summer, ending a three-month lockout. But the union changed its leadership and began challenging various details.

The sticking point was how much money the league would pay for use of the union's logo in licensing agreements. The union surprised the league Tuesday by asking for $31 million, then lowering its demand nearer to $20 million.

Gretzky a Free Agent

HOCKEY On Monday, the day after Wayne Gretzky's contract expires, the NHL's scoring king will become a free agent, the St. Louis Blues confirmed Friday. That means it is unlikely that Gretzky, acquired from the Los Angeles Kings in late February, will return to St. Louis. *(AP)*

Graduation Rates Up

COLLEGE SPORTS Graduation rates for male college basketball players were higher after last year's decline, while the percentage of women athletes graduating was down from last year's high point, the NCAA reported Friday. *(AP)*

Rookie Shares the Lead

GOLF Joe Daley, a PGA Tour rookie, shared the lead after the first round of the Greater Hartford Open in Cromwell, Connecticut. Greg Norman, the defending champion, staged a late charge to join Daley at 6-under-par 64. *(AP)*

Becker Is Forced Out With Injured Wrist

3-Time Champ 'Heard Something Pop'

The Associated Press

WIMBLEDON, England — Boris Becker's bid for a fourth Wimbledon title ended abruptly Friday when he damaged his right wrist during a third-round match and was forced to withdraw.

The No. 2 seed dropped his racket in pain after mis-hitting a forehand service return on the first point of a first-set tiebreaker against the South African qualifier Neville Godwin.

"I thought I broke my wrist," Becker said. "I tried to hit a forehand, hit it too late, my wrist gave way, and I heard something pop. From then on, I couldn't at all hold a racket any more."

"I knew right away when it happened that I hurt something serious and knew I could not continue," he said.

Becker took a three-minute injury timeout, during which a trainer sprayed and taped his wrist. He then walked out to serve but shook his head and announced he could not continue.

"I made one practice serve, and I thought the wrist was going to go away," Becker said before heading to a hospital for X-rays.

Becker had been considered the main threat to Pete Sampras, the top seed and defending champion.

Becker's withdrawal leaves seven men's seeds, including only two in the top eight: Sampras and No. 4 Goran Ivanisevic, who play their third-round matches on Saturday.

Becker won Wimbledon in 1985, 1986 and 1989 and was runner-up four times, in 1988, 1990, 1991 and 1995.

He won the Australian Open in January and spoke optimistically of going for the Grand Slam this year. But that dream vanished when he was forced to withdraw from the French Open with a thigh injury.

Fourth-seeded Arantxa Sánchez Vicario also suffered an injury to her right wrist Friday but reached the fourth round with a straight-set victory over Naoko Sawamatsu.

Sánchez Vicario fell behind, 4-2, in the first set but recovered to win, 6-4, 6-1, in a rain-interrupted Center Court match.

"I stretched some ligaments in my arm as I went for a shot, and my wrist went the other way," she said. "It was painful. When I was serving and had to finish a movement and hit a ball hard, it was bothering me. I tried not to think about it and finish the match soon."

The Spaniard, who lost in the final last year to Steffi Graf, took a three-minute injury timeout while leading, 5-4, in the first set. After the trainer taped her wrist, Sánchez Vicario came back out to hold serve and close out the set.

The match was then suspended by rain. When the match resumed 30 minutes later, Sánchez Vicario continued to grimace at times but she ran off six of the next games to finish the match.

Joining her in the round of 16 was ninth-seeded Mary Joe Fernandez, who needed only 49 minutes to dispatch error-prone Florencia Labat of Argentina, 6-2, 6-0. Fernandez, who won her first-round match, 6-0, 6-0, has dropped only 10 games so far.

The tournament lost its seventh women's seed Friday when No. 11 Brenda Schultz-McCarthy was ousted by Sabine Appelmans, Belgium, 7-5, 3-6, 12-10.

Unseeded MaliVai Washington became the first man to reach the fourth round with a 6-3, 6-3, 6-0, victory over Bohdran Ulihrach of the Czech Republic.

■ Edberg's Farewell

The sky was gray and the stadium wasn't full when Stefan Edberg walked off a Wimbledon court for the last time. Court 1, with the fans chanting "Edberg, Edberg," filled with thunderous applause. The unassuming two-time Wimbledon champion, who is retiring at the end of the year with his best tennis long behind him, said good-bye Thursday night with a four-set defeat by fellow Swede Mikael Tillstrom.

"It was tough one, but it has to end at some point, and today was the day," Edberg said of the 4-6, 6-4, 7-6 (7-5), 6-4 second-round loss. "You have to hold your head up. It's not the end of the world."

Edberg, 30, won the Wimbledon men's title in 1988 and 1990. Though ranked 22d in the world, he was seeded 12th for his 14th and final appearance at the All England Club.

Fiona Hanson/Agence France-Presse

Boris Becker at Wimbledon grimacing as he grasps his injured wrist.

Policeman Held in Plot To Kill Irvin

The Associated Press

DALLAS — The arrest of a policeman accused of trying to hire a hit man to kill Dallas Cowboys receiver Michael Irvin is the latest revelation in a drug case that began with a loud motel party.

Officer Johnnie Hernandez, 28, was charged with solicitation of capital murder Thursday, a day after he gave "several thousand dollars" as a partial payment to an undercover agent posing as a hit man, Police Chief Ben Click said.

The developments involving the five-year Dallas police veteran, who has been subpoenaed as a witness in Irvin's drug trial, interrupted Thursday's jury selection. However, prosecutors and defense attorneys continued their search Friday for 12 panelists.

State District Judge Manny Alvarez, who has admonished potential jurors not to read or listen to reports about the case, said Friday that he saw no reason to declare a mistrial.

Lawyers questioned potential jurors about their knowledge of events relating to the case. Alvarez said he would determine at a later time whether to sequester the jurors as the defense has requested.

Click said he could not comment on a possible motive because of a gag order issued by Alvarez. But media reports have suggested ties between Irvin, Hernandez and his live-in girlfriend, Rachelle Smith.

Police began investigating earlier this week after receiving information that "Hernandez had expressed a desire to hire somebody to kill Mr. Michael Irvin," Click said.

"It makes me feel terrible," he said. "It's one of those things you'd never think you'd see. At the same time, it pleases me this information came to us and we were able to make an arrest."

German Absences in Final Shorten the Odds for Czechs

By Ian Thomsen
International Herald Tribune

LONDON — Parity is an American term never heard in the cutthroat world of soccer, where any suggestion of revenue sharing, a salary cap or a trade of player draft picks would be met with shrieks of derisive laughter.

But the European Championship has stumbled onto the concept for its final Sunday, thanks to a combination of poor German luck and the referees' persnickety need to fill their notebooks with 154 names overall in the 30 games of this tournament.

No rival can match the Germans' record of five finals in the last seven European Championships, with possibly a third title on the way — which would make two more than anyone else. West Germany was upset by Czechoslovakia in the 1976 final, but more cogent to the rematch Sunday is the 2-0 victory by the modern, unified Germany over the breakaway Czech Republic in their opening group match three weeks ago.

That was Germany's easiest day of the tournament, but many of the differences between the two teams have since been diminished. Andreas Möller, the German playmaker who scored the second goal, was suspended after losing his temper in the semifinal against England. So was his Borussia Dortmund teammate, the defender Stefan Reuter. Three more likely starters — the striker Fredi Bobic, the midfielder Mario Basler and the defender Jürgen Kohler — have been ruled out by recent injuries.

But UEFA said Friday that the German team would be allowed to bring two more players into their injury-plagued team. The Czechs were also given the chance to expand but were not likely to.

Yet another three German players are likely to play in pain. Then there is Jürgen Klinsmann, the 31-year-old German captain, striker and frequent savior. He has walked with a limp in between around-the-clock treatment of the right-calf muscle torn in the first half of Germany's quarterfinal with Croatia.

If the cycle is turning against the Germans, it seems to have unwound in perfect time for the reformed Czechs. Their only known doubt involved the goalkeeper Petr Kouba, who missed training Friday with a thigh injury after taking the Czechs through three and a half hours of knockout play without conceding a goal to France on Wednesday.

"It looks very serious, but the doctors will do their best," said coach Dusan Uhrin. "It depends on whether he's able to train Saturday."

UEFA EURO 96

The Czechs survived their horrid semifinal with France thanks to Kouba's save in the sixth round of penalties. The four Czechs who were suspended from that game — Pavel Kuka, Jan Suchoparek, Radek Latal and Radek Bejbl — were expected to play in the final, along with the attacking midfielder Patrik Berger, who came in for the second half despite having the flu.

Somehow they must convert their happy-go-lucky mood into a meaningful performance against a team the Czechs haven't beaten in regulation since 1964, 12 meetings ago.

Most of the Wembley 76,000 will be united behind the underdog and against the Germans in patriotic remembrance of England's heroic loss on penalties in the semifinal Wednesday.

While Klinsmann has been hoping against hope in seclusion, the Czech striker Vladimir Smicer was back home in Prague on Friday, his hair parted over the four stitches he endured after a collision in the semifinal. An overnight hero for his 89th-minute goal that put the Czechs into the quarterfinal, he was flown in by a sponsors' charter for the wedding he had planned two months ago. He and his new wife came out onto the 13th-century Old Town Square to find thousands of fans cheering for them.

The final recalls several bad memories for the German coach, Berti Vogts, who in six years has yet to win the major trophy that would shake him loose of comparisons with Franz Beckenbauer. In 1976 Vogts was a defender alongside Beckenbauer when West Germany was upset in the final by Czechoslovakia, 5-3, on penalties. The Germans haven't lost a penalty shootout since.

The Germans are likely to pair Oliver Bierhoff, a striker for Italian cellar-dweller Udinese, with the 33-year-old Stefan Kuntz — of the Turkish club Besiktas — who equalized against England. With only Matthias Sammer remaining among the German stars, victory will depend on the German system.

The sniper's threat will come from 24-year-old Karel Poborsky, probably the fastest player in the tournament, who will try to pierce the German defenses as Italy, Croatia and then England have. For all of this success the Germans — led defensively by the heretofore unrecognized Dieter Eilts, the 31-year-old midfielder-captain of Werder Bremem — have conceded just two goals in five games overall after being drawn into the "Group of Death" alongside the Czechs, who were 150-1 longshots after their loss to Germany. But those odds have vanished.

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

EAST DIVISION

	W	L	Pct.	GB
New York	46	30	.605	—
Baltimore	40	35	.533	5½
Toronto	35	42	.455	11½
Boston	31	45	.408	15
Detroit	23	55	.295	24

CENTRAL DIVISION

	W	L	Pct.	GB
Cleveland	47	30	.610	—
Chicago	45	32	.584	2
Milwaukee	38	38	.500	8½
Minnesota	*36*	*40*	*.474*	*10½*
Kansas City	33	45	.423	14½

WEST DIVISION

	W	L	Pct.	GB
Texas	47	30	.610	—
Seattle	40	35	.533	6
California	40	38	.513	7½
Oakland	36	42	.462	11½

NATIONAL LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Atlanta	49	28	.636	—
Montreal	45	32	.584	4
Florida	37	40	.481	12
New York	36	41	.467	13
Philadelphia	31	45	.408	17½

CENTRAL DIVISION

	W	L	Pct.	GB
Houston	40	39	.506	—
St. Louis	38	39	.494	1
Chicago	37	40	.481	2
Cincinnati	34	38	.472	2½
Pittsburgh	36	41	.468	3

WEST DIVISION

	W	L	Pct.	GB
Los Angeles	41	38	.519	—
San Diego	40	39	.506	1
Colorado	38	38	.500	1½
San Francisco	36	40	.474	3½

THURSDAY'S LINE SCORES

AMERICAN LEAGUE

Seattle 012 200 040—9 13 0
Toronto 100 000 000—1 10 1
Wells, Jackson (7), Minor (8) and Marzano; Quantrill, Spoljaric (4), Castillo (8) and O'Brien. W—Wells, 9-1. L—Quantrill, 4-8. HR—Seattle, Sorrento (14).

Baltimore 000 100 010—2 7 1
New York 110 001 00x—3 8 1
Erickson and Holles; Rogers, J. Nelson (8), Wetteland (9) and Girardi. W—Rogers, 6-3. L—Erickson, 4-6. Sv—Wetteland (24).

Milwaukee 012 101 010—6 10 1
Kansas City 000 000 101—2 6 0
McDonald, Lloyd (8), Garcia (9) and Matheny; Belcher, Magnante (8) and Macfarlane. Fasano (7). W—McDonald, 8-3. L—Belcher, 6-3. HRs—Milwaukee, Nilsson (8), G. Vaughn (23), Jaha 2 (16).

Detroit 120 300 002—9 14 0
Boston 021 000 201—6 9 1
Lira, M. Myers (7), Walker (7), Olson (9) and Ausmus; Minchey, Moyer (4), Garces (9), Gunderson (9) and A. Delgado, Stanley (9). W—Lira, 5-7. L—Minchey, 0-2. HR—Detroit, T. Clark (4).

Oakland 212 433 102—18 17 1
California 000 011 000—2 8 2
Johns and Steinbach; Go.Williams (5); Boside, S. Williams (4), Monteleone (6), Pennington (8), James (9) and Slaught, Borders (7). W—Johns, 5-9. L—Boside, 8-3. HR—Oakland, Herrera (2), Giambi (14), McGwire (25), Berroa (18), Steinbach (14), Brosius 2 (10), Young (11). California, Salmon (19).

Cleveland 200 102 311—10 16 2
Chicago 460 041 00x—15 17 0
Swindell, Ogea (2), Poole (6), Mesa (8) and Pena; A.Fernandez, Levine (7), McCaskill (7), Karchner (9) and Karkovice. W—A. Fernandez, 7-4. L—Swindell, 1-1. HR—Chicago, Mouton (4), Ventura (17). Cleveland, Boerga (9), Lajoie (1), M. Ramirez 2 (20).

NATIONAL LEAGUE

St. Louis 000 000 000—0 3 0
Atlanta 200 501 00x—3 5 0
Morgan, Fossas (8), Parrett (8) and Pagnozzi; G.Maddux, McMichael (8), Wohlers (9) and Perez. W—G. Maddux, 8-5. L—Morgan, 2-2. Sv—Wohlers (16).

Los Angeles 010 000 000—1 6 1
Colorado 430 005 10x—13 17 1
Astacio, Elsehen (6), Park (7), Radinsky (8), Td.Worrell (9) and Piazza, Prince (1); Ritz and Owens. W—Ritz, 9-4. L—Astacio, 3-6. HRs—Colorado, Galarraga 2 (21).

San Diego 000 320 042—11 12 0
San Francisco 000 000 010—1 7 0
Valenzuela, Bergman (6) and Flaherty; Gardner, Bautista (6), Creek (8), Juden (8), Dewey (9) and Manwaring. W—Valenzuela, 4-5. L—Gardner, 7-3. HRs—San Diego, R. Henderson (6), Finley (12), Caminiti (10), Flaherty (3), Ja.Reed (1).

Japanese Leagues

CENTRAL LEAGUE

	W	L	T	Pct	GB
Hiroshima	40	24	0	.625	—
Chunichi	33	28	0	.541	5½
Yakult	32	31	0	.508	7½
Yomiuri	31	33	0	.484	9
Yokohama	30	34	0	.469	10
Hanshin	24	40	0	.375	16

FRIDAY'S RESULTS

Chunichi 7, Yokohama 2
Yakult 6, Hanshin 1
Hiroshima 7, Yomiuri 5

PACIFIC LEAGUE

	W	L	T	Pct	GB
Nippon Ham	40	27	2	.597	—
Orix	35	28	1	.555	3
Kintetsu	32	31	0	.508	6
Lotte	32	34	2	.485	7½
Seibu	29	34	2	.462	9
Daiei	26	40	1	.394	13½

FRIDAY'S RESULTS

Daiei 3, Kintetsu 0
Nippon Ham 7, Lotte 5

TENNIS

Wimbledon

THIRD ROUND

MEN'S SINGLES

Malivai Washington, United States, def. Bohdan Ulihrach, Czech Republic, 6-3, 6-3, 6-0; Thomas Johansson, Sweden, def. Doug Flach, United States, 6-1, 6-4, 6-3; Neville Godwin, South Africa, def. Boris Becker (2), Germany, 6-6 (1-0), retired, injured.

WOMEN'S SINGLES

Katarina Studenikova, Slovakia, def. Dominique Van Roost, Belgium, 6-3, 6-2; Judith Wiesner, Austria, def. Gigi Fernandez, United States, 6-2, 7-5; Mary Joe Fernandez (9), United States, def. Florencia Labat, Argentina, 6-2, 6-0; Arantxa Sanchez Vicario (4), Spain, def. Naoko Sawamatsu, Japan, 6-4, 6-1.

Sabine Appelmans, Belgium, def. Brenda Schultz-Mccarthy (11), Netherlands, 7-5, 3-6, 12-10; Amy Frazier, United States, def. Ines Gorrochategui, Argentina, 6-0, 6-3. Doubles

SOCCER

ASIAN CUP QUALIFYING

Thailand 8, Maldives 0
Singapore 4, Burma 0
Qatar 1, Syria 0

MAJOR LEAGUE SOCCER

THURSDAY'S RESULT

Columbus 2, New England 1
(Columbus won 2-1 on penalties)

STANDINGS: Eastern Conference— Tampa Bay 24 points; D.C. 13; NY-NJ 12; Columbus 11; New England 9; Western Conference— Los Angeles 32; Dallas 21; San Jose 19; Kansas City 17; Colorado 13.

RUGBY LEAGUE

OPTUS CUP

IN SYDNEY, AUSTRALIA

Canberra Raiders 16, Sydney City 12

FOOTBALL

CFL Standings

EASTERN DIVISION

	W	L	T	PF	PA	Pts.
Toronto	1	0	0	27	24	2
Hamilton	0	0	0	0	0	0
Ottawa	0	0	0	0	0	0
Montreal	0	1	0	24	27	0

WESTERN DIVISION

	W	L	T	PF	PA	Pts.
Calgary	1	0	0	33	13	2
Edmonton	1	0	0	28	14	2
Winnipeg	0	0	0	0	0	0
British Columbia	0	1	0	14	28	0
Saskatchewan	0	1	0	13	33	0

THURSDAY'S RESULTS

Toronto 27, Montreal 24
Edmonton 28, British Columbia 14

TRANSITIONS

BASEBALL

AMERICAN LEAGUE

BOSTON—Activated INF Jeff Manto from 15-day disabled list. Optioned INF Bill Selby to Pawtucket, IL. Signed RHP Joshua Garrett.

CALIFORNIA—Signed OF Vince Coleman and RHP Paul Swingle to minor-league contracts.

CLEVELAND—Activated INF Scott Lalus from 15-day disabled list. Optioned LHP Alan Embree to Buffalo, AA.

MILWAUKEE—Recalled LHP Kevin Wickander from New Orleans, AA. Designated LHP Brian Givens for assignment.

MINNESOTA—Optioned LHP Dan Serafini to Salt Lake City, PCL.

N.Y. YANKEES—Activated LHP Jimmy Key from 15-day disabled list. Optioned RHP Brian Boehringer to Columbus, IL.

NATIONAL LEAGUE

ATLANTA—Traded INF Tyler Houston to Chicago for RHP Amaral Villegas. Assigned Villegas to Danville, AL.

CINCINNATI—Signed RHP Steve Smith and assigned him to Billings, PL.

COLORADO—Claimed OF Milt Thompson off waivers from Los Angeles.

N.Y. METS—Signed OF Brandon Mulvehill.

SAN FRANCISCO—Optioned OF Keith Williams to Phoenix, PCL. Activated INF-OF David McCarty from 15-day disabled list.

BASKETBALL

NATIONAL BASKETBALL ASSOCIATION

DALLAS—Named Butch Beard assistant coach.

MILWAUKEE—Traded rights of G Stephon Marbury to Minnesota for rights of G Ray Allen and a future first-round draft choice.

NEW JERSEY—Named John Nash general manager of basketball operations and signed him to multi-year contract.

PORTLAND—Acquired draft rights to F Jason Sasser from Sacramento in exchange for undisclosed future considerations.

UTAH—Traded rights of F Martin Muursepp to Miami for a future first-round draft choice.

FOOTBALL

NATIONAL FOOTBALL LEAGUE

CINCINNATI—Signed TE Demetrius Davis.

NEW YORK—Signed MLB Rick Hamilton, C-G Vernice Smith, DE Hugh Hunter and SS Chris Hayes.

N.Y. JETS—Signed DE Brent Williams.

OAKLAND—Signed RB Wes Bender and LB Scott Radecic.

SAN DIEGO—Signed S Rodney Harrison.

SEATTLE—Traded S Eugene Robinson to Green Bay for DE Matt LeBeurty.

HOCKEY

NATIONAL HOCKEY LEAGUE

BOSTON—Signed C-RW Cameron Mann to 3-year contract.

BUFFALO—Named Jack Bowman scout.

DALLAS—Re-signed C Benoit Hogue to 1-year contract.

HARTFORD—Re-signed D Alexander Godynyuk to multi-year contract.

LOS ANGELES—Signed RW Kal Nurminen to 2-year contract.

N.Y. ISLANDERS—Signed D Bryan Berard to 3-year contract.

OTTAWA—Signed C Sergei Zholtok.

PITTSBURGH—Signed Craig Patrick, general manager, to 5-year contract extension and Eddie Johnston, coach, to contract extension.

TAMPA BAY—Agreed on minor-league affiliation agreement with Adirondack, AHL.

COLLEGE

NCAA—Granted Maurice Bayne, Dayton basketball forward, additional year of eligibility.

NORTH ATLANTIC CONFERENCE— Announced the conference will change its name to America East, effective July 1. Announced conference office will move to the metropolitan Boston area June 1997. Named Rick Farnham president, Edgar Johnson vice president, Pat Meslar-McKnett and Wayne Edwards directors at-large for 1996-97 academic year.

IHT Puts Baseball Stats on the Internet

All the box scores and the 1996 schedule on the IHT web site:
http://www.iht.com/IHT/SPORTS/bbl.html

SPORTS

A Year After a Dreadful Crash, Boardman Focuses on the Positive

International Herald Tribune

'S-HERTOGENBOSCH, Netherlands — Chris Boardman is talking again about "challenges" in the Tour de France. Not difficulties, problems, hurdles or obstacles, but challenges — he's thinking as positive as he can.

The 27-year-old Briton learned this trick from a sports psychologist and tried to apply it for the first time in the last Tour. But, less than five minutes into the start of the race, he crashed in the rainy prologue in which he was the favorite, breaking his left ankle and right wrist. His season was over.

Now he has returned in splendid form, winning nearly all time trials, or races against the clock, in his races this year. He will be the favorite in the prologue once again when the 83d Tour begins Saturday in 's-Hertogenbosch, a cordial Dutch city whose name translates as "In the Duke's Woods." Also known as Den Bosch in the same way some people refer to Philadelphia as Philly, the city is spending about $1.75 million for the publicity it hopes to get as host for the short prologue and Sunday's long first daily stage in the three-week bicycle race.

But all that money cannot buy sunny weather. The forecast for Saturday is for overcast skies and possibly showers.

"I hope it doesn't rain," Boardman said at an impromptu news conference.

And if it does rain? "We take it steady," Boardman replied. "We're not taking any risks this year. I can't afford to crash out again, I can't afford that.

Tour de France/SAMUEL ABT

"The mistake I made last year was small but in those conditions and at 80 kilometers (50 miles) an hour, the consequences were quite catastrophic.

"I can't afford to lose another year. I lost a year and can't do that again. I need the experience of a three-week race. It's more important to me than to win a prologue."

Time is pressing for Boardman, who turns 28 in August and did not become a professional until he was 25. Before that he was the British and 1992 Olympic pursuit champion and the holder of the world record for the one-hour ride against the clock. Since he turned pro, he has become a specialist in prologues, which are often not much longer than the 4 kilometers of a pursuit race. The Tour prologue Saturday measures 9.4 kilometers, easily within Boardman's fastest range.

Even if the sun is out, however, the prologue is not his main goal, which, he explained, is to finish the Tour in Paris on July 21. "The first thing is Paris. I find that a big challenge and that's how I'm trying to think of it — as a challenge. It's quite scary, you know, the fact that you're riding a race so long that you have to have a haircut in the middle."

Having dropped out ill halfway through the 1994 Tour and having crashed last year, Boardman has never completed more than a 10-day race.

What he wants to know is whether he has the stamina to win the Tour once a new wave of riders succeeds Miguel Indurain, the winner of the last five Tours and the favorite this year. The Spaniard has indicated that next year will be his finale.

Therefore, Boardman said, finishing the race is of prime importance. "If I can win the prologue and take the yellow jersey, that would be super, it would take pressure off me," he continued. "If I could have one good day in the mountains, with a ride at the front, and I could win the prologue and arrive in Paris — top 20 is a reasonable objective — then that would be a great Tour for me. A super Tour. That would be progression."

Most people have him pegged for a better finish than top 20, but Boardman was reluctant to speculate.

"Everybody keeps biting off more than I can chew," he joked. "I think it's best to finish the Tour first before I say what I can do."

"I certainly don't feel bad — I'm in good shape — but I don't have that euphoric feeling that I've had in the past," he said. "So I hope it will be enough for the prologue and there won't be too many challenges the first week."

There was that word again: "challenges."

A's Smack 8 Homers In 18-2 Win

The Associated Press

Tony Batista and Mike Bordick were the only two Oakland starters who didn't hit home runs as the Athletics matched a major-league record and set a club record with eight homers in an 18-2 rout of the California Angels in Anaheim.

"Anytime you see guys swing the bats the way they did tonight, it's fun to watch," Mark McGwire said. "I can't remember ever winning like this."

Scott Brosius hit two homers Thursday night, and McGwire tied Jimmie Foxx atop the A's franchise homer list with the 302d of his career as the A's became the first team to have seven different players homer in one game since the Baltimore Orioles did it on May 17, 1967, against Boston.

BASEBALL ROUNDUP

The A's also share the record with the Los Angeles Dodgers, who accomplished it on May 25, 1979, against Cincinnati.

Oakland, which has hit 49 home runs this month and now leads the major leagues with 120 home runs, came within two of the major-league record of 10 homers in a game, set by the Toronto Blue Jays against the Baltimore Orioles on Sept. 14, 1987.

"I don't know what we ate during that off day, but we're going to eat some more of it," A's manager Art Howe said. "We just had our hitting shoes on. Every time they made a mistake, we made them pay for it."

White Sox 15, Indians 10 In Chicago, Darren Lewis had four hits and three RBIs and scored three runs as the White Sox served notice that there will be an American League Central race.

Frank Thomas and Robin Ventura also drove in three runs each for the White Sox, who cut Cleveland's division lead to two games.

Yankees 3, Orioles 2 New York grabbed a 5½-game lead over the Orioles by taking the opener of the four-game series at Yankee Stadium.

Kenny Rogers pitched effectively into the eighth inning as the Yankees won their third straight and handed the Orioles their third consecutive loss.

Rogers gave up seven singles in 7⅓ innings. He got out of major trouble by making key pitches to Brady Anderson and Roberto Alomar in tight spots.

Frank Gunn/The Associated Press

Mariners' Brian Hunter breaking his bat against the Toronto Blue Jays.

Brewers 6, Royals 2 John Jaha homered twice and Ben McDonald pitched seven strong innings for Milwaukee in Kansas City.

Greg Vaughn and Dave Nilsson each added solo shots for the Brewers, who set a club record by homering in the 16th consecutive game.

McDonald took a one-hitter into the seventh before losing his shutout in the eighth.

Tigers 9, Red Sox 6 Chad Curtis and Melvin Nieves drove in two runs apiece in Boston as Detroit won for the fifth time in six games.

Curtis's two-run bloop single to center snapped a 3-3 tie in the fourth.

Mariners 9, Blue Jays 1 Bob Wells won his seventh straight decision and Paul Sorrento homered and drove in four runs for Seattle at Toronto.

Paul Quantrill gave up five runs on eight hits in 3⅓ innings.

In National League games:

Rockies 13, Dodgers 1 Andres Galarraga drove in a team-record eight runs with two homers and a double, powering Colorado's rout of Los Angeles in Denver and snapping the Rockies' three-game losing streak.

Galarraga hit three-run homers in each of the first two innings as the Rockies drew within 1½ games of the Dodgers in the National League West.

Padres 11, Giants 1 In San Francisco, Fernando Valenzuela pitched 7⅔ strong innings, and five San Diego players hit home runs as the Giants lost their seventh straight.

Valenzuela broke a five-game winless streak and is 2-0 with a 1.97 ERA in two starts against the Giants.

Braves 3, Cardinals 0 Greg Maddux and two relievers combined on a three-hitter for Maddux's third consecutive victory as Atlanta beat visiting St. Louis.

Maddux struck out five and walked none, leaving the game for a pinch hitter in the seventh after being hit by a line drive in the top of the inning. He retired the next batter to end the inning. The Braves said Maddux had a bruised right thigh.

Greg McMichael worked the eighth inning and Mark Wohlers pitched the ninth for 16th save.

Black Man in Golf's White World

Refusing to Be Rejected, He Built His Own Course

By Michael Winerip
New York Times Service

EAST CANTON, Ohio — "Now don't keep asking me dates," said William Powell, a man who has been so busy making history in his 79 years that he has not had time to write down every last fact.

"If I'd known this was going to turn into such a big thing, I'd have made better notes."

The amazing thing is, it all happened because he just wanted to play golf. Fifty years ago Powell came home from World War II, returned to his job as a security guard at the Timken bearing and steel company in nearby Canton and was eager to return to the sport that had been his grand passion from the time he had first caddied for a white doctor, at age 9.

But even though he was an outstanding junior player here before the war, in 1946 a black man was not welcome on Canton's public courses, like Tam O'Shanter.

"It's distasteful when you get turned down," Powell said. "You have a little pride. You say the hell with them. You say I'm not going to badger, I'm not going to beg them, no such thing. So I said I'll just build a golf course."

And he did. Working the night shift at Timken to support his family, then spending his day pulling fence posts and picking stones by hand, Powell sculpted an old dairy farm ripe with plum and peach trees into the Clearview Golf Club. Fifty years later, he is believed to be the only black person in America to design, build and own a golf course, according to the National Golf Foundation.

What is almost as remarkable is that in a sport that is still overwhelmingly white and a nation where whites and blacks mix so little socially, Clearview is a genuinely integrated course. "I couldn't run this golf course if not for the Caucasians," Powell said. "I couldn't run it without good white people. And I don't give a tinker's damn about the bad ones."

The man who once was banned from local clubs was feted last month at a 50th anniversary black-tie affair at the area's newest and most extravagant country club, Glenmoor, which charges $30,000 per membership and boasts a Jack Nicklaus course. As Powell likes to say, "This is some life."

Stark is a modest-sized county of 370,000 with a mix of many peoples. They all pass through the same factories and drive the same roads, but they draw different lessons and create different folklore from what they see.

For the business establishment here, there is no more legendary family than the Timkens. A century ago, the Timken brothers, William and Henry, outfitted a wagon's wheels with a new roller bearing that reduced friction and enabled two mules to pull such a heavy load that a wagon driver was mistakenly arrested for cruelty to animals.

Trade unionists here have collected oral histories of I. W. Abel, the former steelworkers' national president, who started as a mill hand in Canton at age 17 and had his first great success as a union leader during the strike of 1937, organizing Timken.

'We all knew that there was a black man who persevered and got that golf course.'

And then there is the Timken security guard who built his own golf course, a story that strikes a particularly powerful chord in Canton's black community.

Paralee Compton, a retired assistant superintendent of schools in Canton, who is black, recalls driving by the course years ago. "We all knew that there was a black man who persevered and got that golf course," she said.

And that is not all of it. When Powell's daughter was 3, he cut a club down to her size and started her off at Clearview. Renee Powell went on to play the Ladies Professional Golf Association tour from 1967 to 1980, the second black woman to compete.

When Powell started remaking the farm, Jackie Robinson had not yet broken baseball's color barrier. Not until 1962 did the Professional Golfers Association drop its "Caucasians Only" clause.

Powell probably benefited from growing up in Minerva, a rural town on the county line. While Stark County's population is 7 percent black, in Minerva, the Powells were the only black family, more of an oddity than a threat to whites.

At 9 he started caddying for a white doctor for whom his mother worked, cleaning house. When the doctor needed someone to play with, he would take along young Bill.

After high school, Powell attended college, but he did not graduate. In the late 1930s he wanted a job at Timken. Today Timken is probably no better or worse than most companies when it comes to minority hiring. While its board is made up of all white men, there are middle-level black managers and the president of the steelworkers' union local, one of the nation's largest, is a black man, Ron Stokes.

"Before World War II," Powell said, "Timken wouldn't even let a black get in the job line." Even after the war, he said, when a black was hired in a department, the white union men would walk off the job.

"I'd come back day after day, I told the employment manager, 'You're going to hire me. I have a family.' It took me a while to get wise."

He got a letter of recommendation from the Stark County prosecutor A. C. L. (Frenchie) Barthlemeh. "I had caddied for him," Powell said. "This is what galls me about these fellows who complain about affirmative action today. Whites had nepotism, they had the jobs. So get real on this."

He started at Timken as a clean-up man, emptying spittoons.

"In those days black was the lowest there was, wasn't anything lower than a black," Powell said. "People looked at it that way. It wasn't my opinion of myself. My mother taught me to be proud. She'd say you don't have to tell anybody, they'll see it." In a few months' time he was promoted to a security guard, the first black on the Timken force.

Powell stayed working at Timken 23 years so he would have the money to buy out his partners and purchase extra land. In the 1970s, he expanded to 18 holes.

Now he is having his share of troubles. Back problems have stopped him from playing golf. And earlier this month Marcella, the golf course's office manager and Powell's wife of 56 years, died.

As he took a visitor around in a cart, he was asked if he would do it over.

"Oh no," he said. "No way, I would never do it again. It was devastating to the family. We worked all the time. We only broke into the black the last few years."

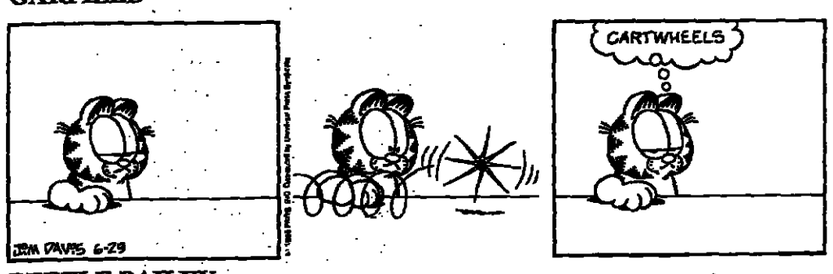
DENNIS THE MENACE

"I'D LIKE FISHING A WHOLE LOT BETTER IF I DIDN'T FEEL SO SORRY FOR THE WORM."

PEANUTS

CALVIN AND HOBBES

GARFIELD



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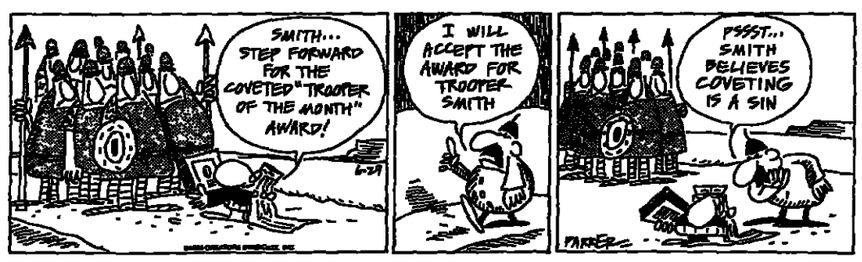

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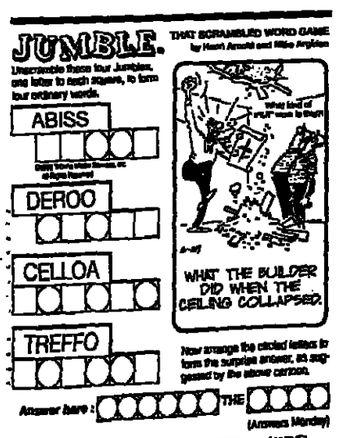
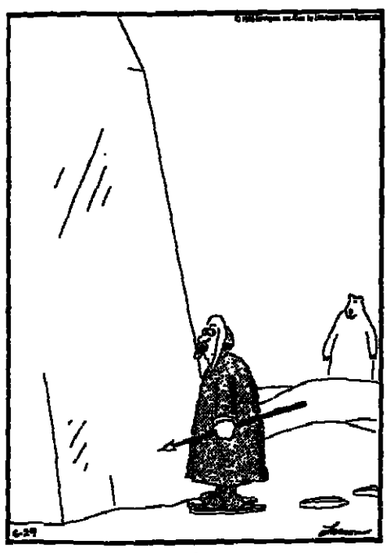


Answer here : THE (Answers Monday)

Yesterday's Jumbles: TWEET APRON FEDORA MARVEL
Answer: What her first lead role meant to the tallyman — A LEAP FORWARD

BEETLE BAILEY

THE FAR SIDE



Never put your lip on a glacier.

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DAVE BARRY

The Abdominals People

MIAMI — What I want to know is: Why is it important to have visible stomach muscles?

I grew up in an era (the Paleolithic) when people kept their stomach muscles discreetly out of sight. Most of us didn't even realize we HAD stomach muscles; the only people who ever actually saw them were courageous surgeons willing to cut through fat layers the thickness of the Cleveland white pages.

I'm not saying we weren't in shape: I'm just saying we had a different concept of what the shape should be. For example, our idea of a stud-muffin prototype male was somebody along the lines of George Reeves, who starred in the black-and-white TV version of "Superman," playing the role of the mild-mannered newspaper reporter Clark Kent, whom nobody ever suspected of being Superman because he disguised himself by wearing glasses.

The TV Superman, who was more powerful than a locomotive, did not have visible stomach muscles. In fact, he didn't have much muscle definition at all; he pretty much looked like a middle-aged guy at a Halloween party wearing a Superman costume made from pajamas, a guy who had definitely put in some time around the onion dip. From certain angles he looked as though he WEIGHED more than a locomotive. But he got the job done. He was always flying to crime scenes faster than a speeding bullet in a horizontal position with his arms out in front of him.

STUDY QUESTION: Did he fly in this position because he HAD to? Or was it that the public would have been less impressed if he had flown in a sitting position, like an airline passenger, reading a magazine and eating honey-roasted peanuts?

When Superman arrived at the crime scene, he would knock down the door, played by a piece of balsa wood, and confront the criminals, who were usually suit-wearing men with harsh voices. (You had a better-dressed criminal in those days.)

"Superman!" the criminals would say. This was the signal for Superman to put his hands on his hips so the criminals could shoot their revolvers at his chest, an effort that always caused Superman to adopt a bemused expression because, as a native of Krypton with special powers, he knew that the criminals were shooting blanks.

Then Superman would turn the criminals over to the police, played by Irish character actors in their mid-60s, after which he would fly in a horizontal position back to his secret Fortress of Onion Dip.

The point is that, in my era, Superman did not have visible stomach muscles, nor did Hercules or Tarzan, who needed steel-reinforced vines. But now, suddenly, everybody is supposed to have rippling abdominals. They are hot.

□

Turn on television, and if you do not see a commercial in which a leading economist such as Candice Bergen, Michael Jordan or Whoopi Goldberg explains which long-distance carrier is best for you (Answer: Whichever one is paying millions of dollars to Candice, Michael or Whoopi), you will see the Abdominals People — and I do not wish to generalize here, but these people display the intelligence of sherbet.

What I want to know is, why is this considered attractive? I mean, I'm sure they serve some medical function, such as keeping your intestines from falling into your lap, but do they have to be HUGE?

What I also want to know is: What's next? I mean, when the Abdominals People — formerly the Biceps People; formerly the Thighs People; formerly the Buns People — have made all the money they can from our stomachs, where will they go?

Are they going to work their way through ALL of our muscles? Will there come a time, say 10 years from now, when they're going to announce that we all need to build up, say, our eyelid muscles? Will we turn on the TV and see commercials for the Lid-A-Cizer, featuring enthusiastic men and women with form-fitting workout outfits and bulging eyelids the size of golf balls? Are we going to fall for THAT, too? Or are we going to draw the line somewhere? Think about it!

And while you're thinking, pass the dip.

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How 'Cable Guy' Became a Movie Monster

By Bernard Weinraub
New York Times Service

HOLLYWOOD — Sometime in early 1995, Lou Holtz Jr., a prosecutor in the Los Angeles County district attorney's office, completed his first screenplay, a comedy called "The Cable Guy," and sent it to some friends who are producers. They introduced him to two agents, Tom Strickler and Ari Emanuel, at the fledgling Endeavor Agency.

Within days the agents had received an enthusiastic phone call from Bernie Brillstein, a top talent manager. He said the script was perfect for one of his clients, Chris Farley, the former "Saturday Night Live" comedian whose movie career had taken off with the teen-age comedy "Tommy Boy."

The agents, with Brillstein and an associate, Mark Gurvitz, promptly took the script to Columbia Pictures. Desperate for a comedy to release in the summer of 1996, Columbia bought the script for $750,000, plus an additional $250,000 that would be paid to Holtz if the movie was made.

Holtz took a leave of absence from his job, flew to New York and began meeting with Farley to discuss his potential role as a lonely cable repairman who makes a house call on a yuppie customer and then tries desperately to befriend him.

"It was a comedy about a needy cable guy you can't get rid of," Holtz said.

From this relatively modest start, "The Cable Guy" grew into a monster, though not, unfortunately for Columbia, one of the box-office kind. The final version, released two weeks ago, cost $60 million to make and market. Of that, $20 million went to the star, who was not Farley, after all, but the biggest and most-sought-after comic in the movies, Jim Carrey.

By then Holtz was long gone, replaced by friends of Carrey, and the screenplay had been rewritten many times. Along the way, the quintessential Carrey character — silly, sophomoric but essentially winning — was lost. In the final version, the repairman is a violent, maniacal and generally unfunny person who almost destroys the life of the customer, a young architect played by Matthew Broderick.

The movie was greeted with scathing reviews (Janet Maslin wrote in The New York Times that it offered "the shocking sight of a volatile comic talent in free fall") and disappointing attendance. It took in $19.8 million in its all-important first weekend, an amount that does not seem puny until it is compared with receipts for Carrey's last film, "Ace Ventura: When Nature Calls," which grossed $37.8 million in its opening weekend.

So far "The Cable Guy" has brought in gross revenue of more than $40 million. Its makers insist that it will eventually make a profit, and they are probably right.

But that would not diminish the sense that this movie — one of the most eagerly awaited and, because of Carrey's enormous salary, closely watched releases of the summer — is one of its biggest letdowns, raising questions about decisions on both the creative and financial sides.

"The original script was basically a silly buddy comedy," Ben Stiller, who directed the movie, said. "What I wanted to do was make a comedy that satirized the psycho thrillers like 'Cape Fear,' and 'Hand that Rocks the Cradle' and 'Fatal Attraction.'"

According to executives and others involved in the project, the deal to sign Farley ground to a halt almost as soon as Carrey expressed interest in the role. Mark Canton, chairman of Columbia-TriStar, quickly came up with the offer of $20 million, a figure that stunned the movie industry.

As is common practice among film stars, Carrey brought friends into the project. One was Judd Apatow, a comedy writer who had worked for HBO's successful "Larry Sanders Show" but whose films, "Celtic Pride," and "Heavyweights," had been box-office failures.

Holtz was bounced as screenwriter.

"Carrey did not want to meet with me, did not want to give me any notes," Holtz said. "I was told I was out as soon as the studio could make a deal with Apatow."

By all accounts, Carrey — who refused to be interviewed for this article — wants to model his career after that of Robin Williams, who moved from brash comedy roles to more dramatic parts.

Williams kept his audience, but many in the industry say that was because those roles and others he chose were essentially humane and gentle parts.

Similarly, top movie stars like Tom Hanks, Tom Cruise and Harrison Ford rarely deviate from certain roles. Cruise has played more or less the same character since he attained stardom in the 1983 comedy "Risky Business" — that of the brash, ambitious and, ultimately winning hero, like his role in his current hit, "Mission Impossible."

"The audiences don't fall in love with Tom Cruise or Tom Hanks," said a top studio executive, speaking on condition that he not be named. "They fall in love with the characters they play. It's not about the stars. It's what they become on screen. That's where Jim Carrey didn't get it. It's not about him."

The decision by Canton to pay Carrey $20 million, a record sum, brought a storm of criticism from rival executives, who said the deal would lead to a dizzying round of inflation in stars' salaries.

"This is the most overscrutinized business success in recent memory," Canton said. "We're going to have a very profitable film."

"Would we have liked to have done better? Of course," he added. "But at the end of the day we're going to make money on this."

Melinda Sue Gordon
Jim Carrey got a record $20 million to star.

PEOPLE

LOST in space: **Dawn Roddenberry**, daughter of "Star Trek" creator **Gene Roddenberry**, contested her father's will, in which she was left about $500,000 and 25 percent of what is perhaps the largest estate ever created in the entertainment industry — and in so doing lost everything. A clause in the will said any heir who contested it would be disinherited and an appeals court ruled a judge's decision to disinherit to be correct. The estate includes proceeds of the Star Trek television and movie series and merchandising rights.

□

For the first time since their inception in 1985, all three Kyoto Prizes were awarded to Americans. Juries of Japanese judges gave prizes worth 50 million yen ($458,000) each, underwritten by the Inamori Foundation. The winner for advanced technology was **Donald Knuth**, 58, of Stanford University, author of standard works on computer programming; for basic science, **Mario Capecchi**, 59, of the University of Utah, who developed a method for targeting imperfect genes in mice, and for arts and moral sciences, **Willard Quine**, 88, a Harvard philosopher who combined Viennese analytic philosophy with American pragmatism.

□

Scarlet, one of the world's most most celebrated cats, and four of her kittens were adopted after 1,200 people, inspired by feline heroism, had applied. Scarlet carried the kittens, one by one, from a burning garage in Brooklyn. As the badly wounded cats recovered in a shelter, news reporters worldwide followed their progress and 7,000 people wrote letters.

□

Queen Elizabeth II has bought a painting of **King Charles II** that disappeared from Windsor Castle during the last century, royal officials said. The 17th-century painting on plaster, by Charles's court painter **Antonio Verrio**, had been on a ceiling in St. George's Hall, a large banqueting chamber that was badly damaged by fire in 1992. The work emerged in Vienna earlier this year and was offered for sale as a portrait of an Austrian emperor. London art dealer **Philip Mould**, however, noticed there had been an attempt to remove an inscription confirming that the painting had originally come from Windsor Castle.

□

The Mosbachers have reconciled, at least for now. Former Commerce Secretary and Texas oilman **Robert Mosbacher**, 69, who quietly filed for divorce from his wife, **Georgette**, 49, only a few weeks ago, has just as quietly withdrawn the petition in Houston. During the past month, the couple — each of whom has been married three times — has undergone counseling.

□

Henry Winkler, best known as "The Fonz," the greasy teenager on the 1970s television series "Happy Days," will be honored by France's Culture Ministry with a medal and made a knight of Arts and Letters.

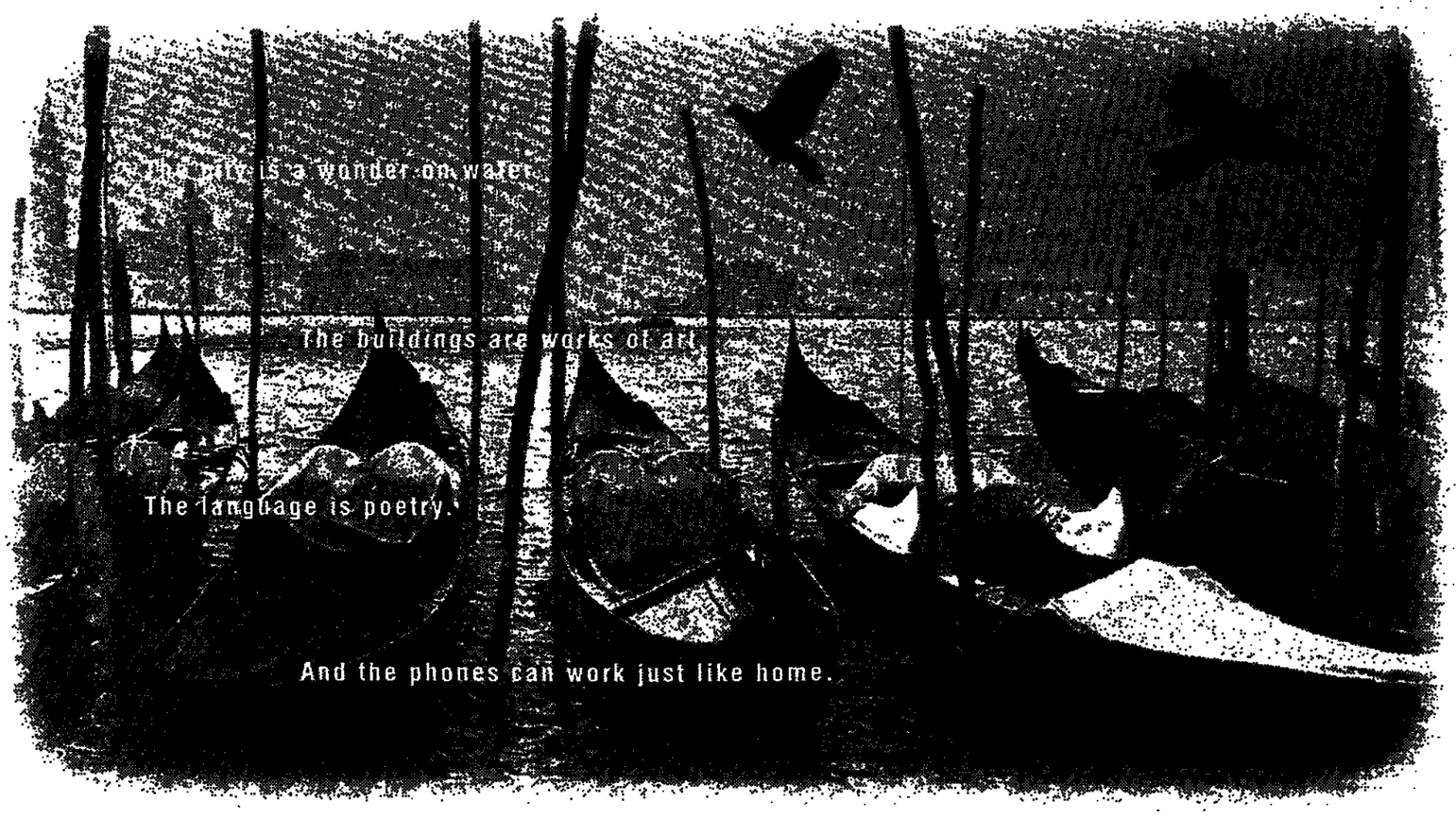
□

It's a case of yellow type, red face. Right on the cover of the current issue of Ms. magazine, the feminist publication, is a misspelled word, and the word is "feminism." The cover line, in bold yellow type, reads "Mothers and Daughters: Honest Talk About Feminisim & Real Life." "Everyone here saw it, and we all spelled it correctly in our minds," said **Marcia Ann Gillespie**, editor in chief. "You have to laugh; otherwise you'd slit your wrists, and we can't afford to do that."

□

A year after the William Morris talent agency sued **Burt Reynolds** over an unpaid debt, a judge ruled that Reynolds must pay more than $140,000 in debt plus interest to the agency. After cancellation of his television show and an acrimonious divorce, Reynolds pleaded poverty when he sought a court reduction of his $15,000 monthly child support payment to ex-wife **Loni Anderson**.

Chris Kasten/The Associated Press
Scarlet the cat and four kittens she rescued from a fire, now all newly adopted.



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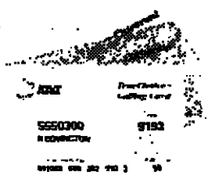

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